

**MINISTRY OF ECONOMIC REGULATION
AND
ISSYK-KUL OBLAST STATE ADMINISTRATION
OF THE KYRGYZ REPUBLIC**

**COMMUNITY EMPOWERMENT PROJECT
IN THE ISSYK-KUL OBLAST**

Project Completion Report

September 2010

JAPAN INTERNATIONAL COOPERATION AGENCY

KRI International Corp.

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Exchange Rate

As of August, 2010 (JICA's rate)

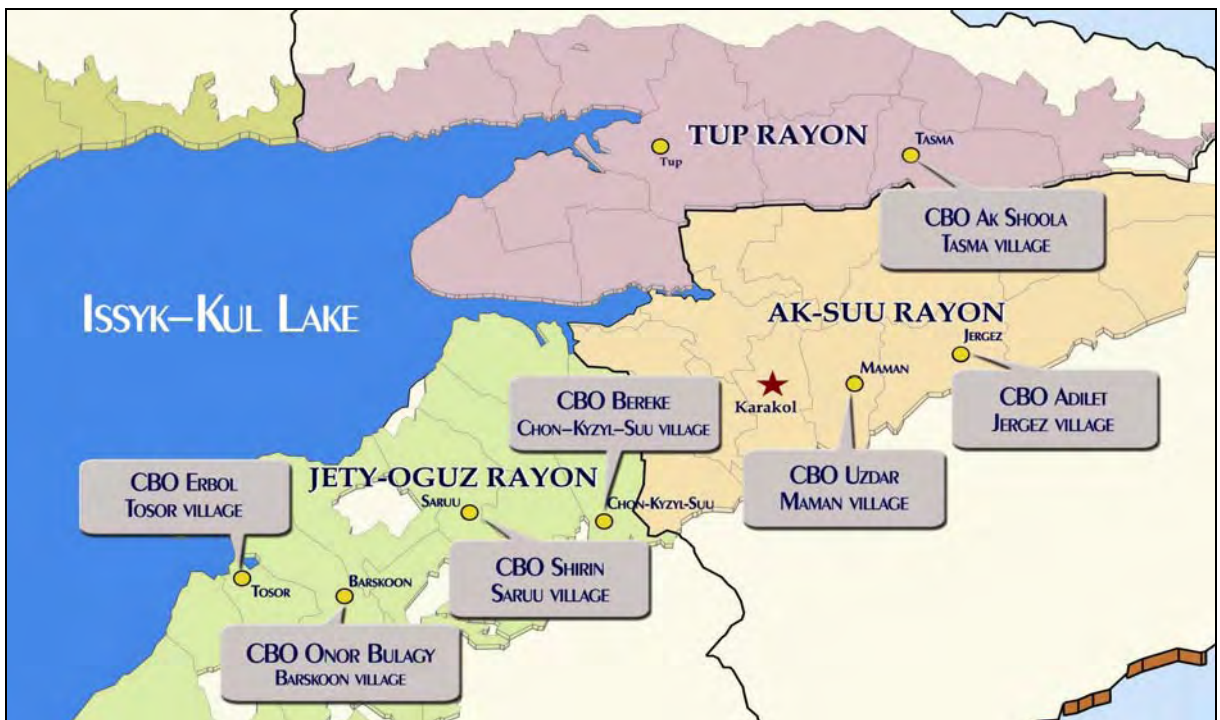
USD 1 = ¥ 87.05 = KGS 46.725

KGS 1 = ¥ 1.863

Location Map



Location of Issyk-Kul Oblast



Locations of Pilot CBOs

Basic Data on Issyk-Kul Oblast

Administration

- Number of Rayon: 5
- Number of Aiyl Okругu: 58

Population

- Total population: 437,200 (January 2009)
 - 8.2% of the national population (5,362,000)
 - 29% in urban and 71% in rural areas
- Employed population: 180,300 (2008)
- Registered unemployed population: 4,902 (2008)
- Ethnic composition:
 - Kyrgyz 79.0%, Russian 13.0%, Kazakh 1.7%, Tatar 1.7%, Kalmyk 1.2%, Uigur 1.0%, Ukraine 0.7%, Dungan 0.7%, Uzbek 0.7%, and others 0.3%

Economy

GDP and GDP per capita in 2008	Unit	Issyk-Kul Oblast		Kyrgyz Republic
		With Kumtor	Without Kumtor	
GDP	(million KGS)	21,259.8	11,672.2	187,991.9
- Share in the Republic	(%)	11.3	6.2	100.0
GDP per capita	(KGS)	48,761	26,771	35,618.5
- Share in the Republic	(%)	139.9	75.2	100.0

Note: The figures in a column of "without Kumtor" are estimated based on a share of Kumtor gold mining in the Republican GDP which was 5.1% (9,588 million KGS) in 2008 (News agency; <http://eng24.kg>).

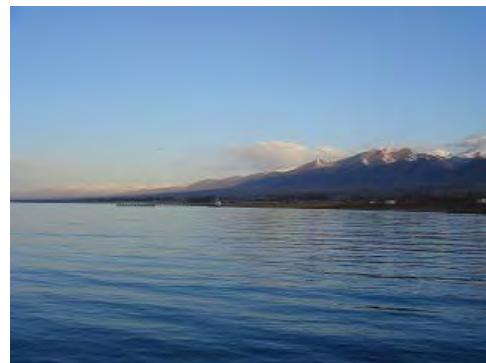
- Poverty rate: 52.2%, extremely poverty rate: 16.9% (2008)
- Land use: 4,472,000 ha in total (Agricultural lands: 36.8% of the total area)

Socio economic data

- Number of educational institutions: 42 infant schools, 198 general schools (1-11grade) (2008)
- Number of doctors and beds (per 10,000 people): 16.5 doctors, 30.2 beds (2008)

Tourism

- Number of foreign tourists to Kyrgyz Republic: 2,435.4 thousand people (2008)
- Number of hotels and guest houses: 115 hotels, 28 guest houses (2008)



<Source>

National Statistical Committee of the Kyrgyz Republic, Statistical Yearbook 1999, 2004-2008, 2009

ADB "Issyk-Kul sustainable development project, Volume 2 Environmental Impact Assessment" December 2009

Photographs

Pre-pilot project



Village workshop for starting pre-pilot project at Shaty village



Technical guidance provided by a resource person at Sary-Dobo village



Students of School CBO in Sary-Dobo village



Drying of Calendula flowers at Shaty village



Ceremony of the presentation of herb seeds at Maman village



Calendula flowers under harvest at Shaty village

1st Cycle CBOs



Opening of renovated processing workshop at CBO Bereke, Chonkyzylsuu village



Cleaning of Sea Buckthorn berry for jam production at CBO Adilet, Jergez village



Producing dry apple at CBO Shirin, Saruu village



Receiving a visit from KSRs Student volunteers at CBO Bereke, Chonkyzylsuu village



Producing wild berry jam at CBO Adilet, Jergez village



Technical guidance provided by a resource person on harvest of Sea Buckthorn berry



Drying apple with solar drier at CBO Shirin, Saruu village

2nd Cycle CBOs



Action planning at CBO Onor Bulagy,
Barskoon village



Action planning at CBO Erbol, Tosor village



Wool cleaning at CBO Ak Shoola, Tasma village



Traditional felt sheet making in CACSA technical
training for 2nd cycle CBOs



CACSA technical training for 2nd cycle CBOs
on cleaning wool



CACSA technical training for 2nd cycle CBOs
on felt sheet making

Karakol Student Research Shop (KSRS)



Opening ceremony of KSRS (September 2008)



Displaying OVOP products for marketing



Planning for KSRS operation with student volunteers



Student volunteers ready for supporting KSRS operation



More than 50 student volunteers worked during the project period



Presentation of student newspaper "PIONEER"

Participation in Expos and Fairs



Presentation of IK-Brand products in Joint Seminar



Second participation in AgroProd Expo, Bishkek (2009 autumn)



Sales at At-Chabysh festival, Barskoon (2009 autumn)



PR and tasting of products in CBT festival, Kok-Jaiyk gorge (2009 summer)



CBO members with J-CEP&KSRS staff promoted IK-Brand in CBT festival, Kok-Jaiyk gorge



PR-action initiated by student volunteers at Karakol ski-base (2010 winter)

Issyk-Kul BRAND Products (some examples)



Barberry jam



Dry apple



Sea Buckthorn berry jam



Apricot pastila



Dandelion honey



Herbal soap



Cotton scarf



Bag



Mittens



Yurt ornament



Necklace



Bird nest ornament

**COMMUNITY EMPOWERMENT PROJECT
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Project Completion Report

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Abbreviation

ABCC	: Agribusiness Competitiveness Center
AO	: Aiyl Okругu (Local Self-Government)
ARIS	: Community Development and Investment Agency (Агентство развития и инвестирования сообществ)
CBO	: Community Based Organization
CDA	: Community Development Alliance
GTZ	: German Agency for Technical Cooperation
HPST	: Herb Production Support Team
IEM	: Institute of Economy and Management of the Issyk-Kul State University
IET	: Initial Evaluation Team dispatched by JICA
IK-Brand	: Issyk-Kul Brand
IK-OSA	: Issyk-Kul Oblast Administration
J-CEP	: Community Empowerment Project in the Issyk-Kul Oblast in cooperation with JICA
JICA	: Japan International Cooperation Agency
JOCV	: Japan Overseas Cooperation Volunteer
JSC	: Joint Steering Committee
KGS	: Kyrgyz Som
KHPA	: Kyrgyz Herb Producers Association
KSRS	: Karakol Student Research Shop
M/D	: Minutes of Discussions
MAWPI	: Ministry of Agriculture, Water and Processing Industries
MoEDT	: Ministry of Economic Development and Trade
MoEF	: Ministry of Economy and Finance
MoER	: Ministry of Economic Regulation
MoF	: Ministry of Finance
NGO	: Nongovernmental Organization
NISM	: National Institute for Standardization and Meteorology
OJT	: On-the-Job Training
OSA	: Oblast State Administration
OVOP	: One Village One Product
PD	: Project Director
PDM	: Project Design Matrix
PIU	: Project Implementation Unit of the Issyk-Kul OSA
PM	: Project Manager
R/D	: Record of Discussions
RSA	: Rayon State Administration
SME	: Small and Medium Enterprise
TIC	: Tourist Information Center
UNDP	: United Nations Development Programme
VC	: Village Coordinator

Chapter 1 Outline of the Project

1.1 Background of the Project

The Issyk-Kul Oblast is one of the seven oblasts (provinces) of the Kyrgyz Republic, and is located in the east of the country. The Oblast has an area of about 23,000 km². It contains a large lake, the Issyk-Kul Lake, about 6,250 km² in area which is surrounded by the permanently snow capped mountain ranges of Tyan Shan. Most villages in the Oblast are located around the Lake, due mainly to their accessibility by roads and the steep topography in the approaches to the mountain ranges.

With a view of accelerating the social and economic development of the Issyk-Kul Oblast, JICA conducted a study on the Integrated Development of the Issyk-Kul Zone over the period from November 2003 to December 2004. The study proposed a Master Plan for Integrated Issyk-Kul Development. The plan included a program for community-driven development to enhance economic activities and improve social services at the village level. The needs for the community-driven development have been endorsed by the half-year operations of pilot projects at three villages.

Through the discussions between the Issyk-Kul Oblast Administration (IK-OSA) and JICA, it has been agreed that technical cooperation is extended for the Community Empowerment Project (J-CEP), as defined in the Record of Discussion (R/D) dated August 10th, 2006 (see Appendix 1).

This Project Completion Report outlines the activities and achievements of the J-CEP during the project period of about 45 months from January 2007 to September 2010.

1.2 Objectives and Targets of the Project

The J-CEP was implemented in accordance with the Master Plan specified in the Record of Discussions (R/D). In particular, the J-CEP followed the Project Design Matrix (PDM) annexed to the R/D. A summary of the original PDM (version 1) annexed to the R/D is given below.

<p><u>Overall Goal:</u> Socio-economic revitalization in the Issyk-Kul Oblast in harmony with the preservation of the environment</p>
<p><u>Project Purpose:</u> The establishment of a sustainable system for regional development through community empowerment</p>
<p><u>Outputs in Phase I (Preparatory Phase):</u> Preparation of an Implementation System consisting of personnel, budget, capacity, networks, etc capable of conducting Phase II</p>
<p><u>Outputs in Phase II (Full-scale Cooperation Phase):</u></p> <ol style="list-style-type: none"> 1. The effective organisation of some model communities in the Issyk-Kul Oblast 2. The formulation of Community Development Plans for the regional development 3. The vitalization of regional economy by the effective implementation of the pilot projects, based on the community development plan 4. The improvement of administrative capacities of Issyk-Kul Oblast's staff in relation to community empowerment

The PDM was revised twice during the project period: The first revision was made in September 2007 at the same time as the initial evaluation mission dispatched by JICA headquarters. The second revision was made in May 2008.

The contents of these revisions were discussed in the Joint Steering Committee (JSC) meetings No.1 and No.2 held on 17th September, 2007 and 16th May, 2008, respectively and approved by the JSC members. Further details on the JSC meetings are presented in Section 2.5.1.

The latest PDM (version 3), against which Phase II of J-CEP was evaluated, is presented in Appendix 2.

The original PDM (version 1) is annexed to R/D (see Appendix 1).

PDM (version 2) is annexed to the Minutes of Discussions (M/D) of Initial Evaluation (see Appendix 6-2).

A summary of PDM (version 3) is given below:

<p><u>Overall Goal:</u> <u>Unchanged;</u> Socio-economic revitalization in the Issyk-Kul Oblast in harmony with the preservation of the environment</p>
<p><u>Project Purpose:</u> The establishment of a sustainable system for regional development through community empowerment with the OVOP Movement</p>
<p><u>Outputs in Phase I (Preparatory Phase):</u> <u>Unchanged;</u> Preparation of an Implementation System consisting of personnel, budget, capacity, networks, etc. which is capable of conducting Phase II</p>
<p><u>Outputs in Phase II (Full-scale Cooperation Phase):</u> 1. A well functioning Implementation System 2. The empowerment of pilot communities through the OVOP Movement 3. The verification of the effectiveness of community empowerment method through the OVOP Movement</p>

Chapter 2 Activities and Achievement

2.1 Outline of Activities

2.1.1 Phases of the J-CEP

The J-CEP was operated in two phases as presented in annexed Figure 2.1.

Phase I was conducted from January to September 2007 aiming at consolidating the systems of the Project Implementation Unit (PIU) through the operation of a pre-pilot project under the concept of the OVOP Movement. At the final stage of Phase I, the results of the pre-pilot project were examined jointly by JICA and the IK-OSA and it was decided that Phase II would be implemented.

The Phase II was conducted from November 2008 to September 2010 for about 35 months. For the full-scale co-operation phase, J-CEP implemented the pilot project by supporting six pilot Community Based Organizations (CBOs).

Three CBOs commenced their community based business from September 2008 as the 1st cycle pilot CBOs. A second group of three CBOs started their business from July 2009 as the 2nd cycle pilot CBOs.

The J-CEP thus supported the 1st cycle CBOs for about two years and the 2nd cycle CBOs for about one year.

Major activities of the project are presented in annexed Table 2.1.

2.1.2 Reports Prepared and Submitted to PIU and JICA

During the course of the J-CEP, the JICA Expert Team prepared and submitted the following reports to PIU and JICA.

Table 2.1.1 Reports Prepared by the JICA Expert Team

Report	Date of Submission
1) Inception Report	January 2007
2) Progress Report (No.1)	September 2007
3) Progress Report (No.2)	May 2008
4) Progress Report (No.3)	April 2009
5) Progress Report (No.4)	December 2009
6) Guidelines for OVOP Promotion	July 2010
7) Project Completion Report	September 2010

In addition, the following research reports were prepared by subcontracted NGOs under the supervision of the JICA Expert Team, and submitted also to PIU and JICA.

Table 2.1.2 Research Reports Prepared by Subcontracted NGOs

Report	Subcontracted NGO	Date of Submission
1) Market Research on Herbs	ABCC*	May 2007
2) Baseline Research on J-CEP Pre-pilot Village, Sary-Dobo	NGO Community Development Alliance	March 2007
3) Baseline Research [General] in Pre-pilot Village	NGO Community Development Alliance	March 2007
4) Baseline Research on J-CEP Pre-pilot Village, Shaty	NGO Community Development Alliance	June 2007

Report	Subcontracted NGO	Date of Submission
5) Report on Training/Workshop for Community Empowerment in the Pre-pilot Villages	NGO Community Development Alliance	August 2007
6) Report on OVOP Potential Map Preparation (including maps)	NGO Leader	August 2007
7) Social Mobilization and Baseline Survey for Promotion of OVOP Movement in Pilot Villages (1st workshop for selection of pilot villages)	NGO Leader	December 2007
8) Social Mobilization and Baseline Survey for Promotion of OVOP Movement in Pilot Villages (2nd workshop for selection of pilot villages)	NGO Leader	February 2008

*: The market research was carried out by two researchers hired directly from ABCC, and the report was prepared by the JICA Expert Team based on data and information collected by two researchers.

2.1.3 Assignment of JICA Expert Team

In order to support the PIU and the related institutions in the implementation of the J-CEP, JICA assigned a team of experts (the JICA Expert Team) in line with the progress of the project. A total of 12 experts were assigned contributing 74.4 person-months during the project period. Thirteen person-months were provided in Phase I and 61.4 person-months in Phase II. The actual assignment schedule of the JICA Expert Team is shown in Appendix 3.

2.2 Activities and Achievements in Phase I

2.2.1 Preparatory Works

Preparatory work was conducted both in Japan and Kyrgyzstan covering the following work items:

- (i) Project implementation planning and preparation of the draft Inception Report,
- (ii) Review of the current situation of the community-driven development including the activities and programs of related stakeholders in the Issyk-Kul Oblast,
- (iii) Discussion with stakeholders, and
- (iv) Finalization of the Inception Report based on the results of (ii) and (iii) above.

In relation to work item (iii), the workshop was held on 18th January, 2007 to have discussion among the stakeholders on the J-CEP's approaches to community development. After the workshop, an extraordinary session of JSC meeting was held on 24th January, 2007 at which the project framework, including approaches to community development that would be implemented under the concept of the OVOP Movement was confirmed by the JSC members. Further details on the JSC meeting are presented in Section 2.5.1.

2.2.2 Institutional Strengthening

It was confirmed in the extraordinary session of the JSC that the J-CEP would be implemented under the institutional setting as illustrated below.

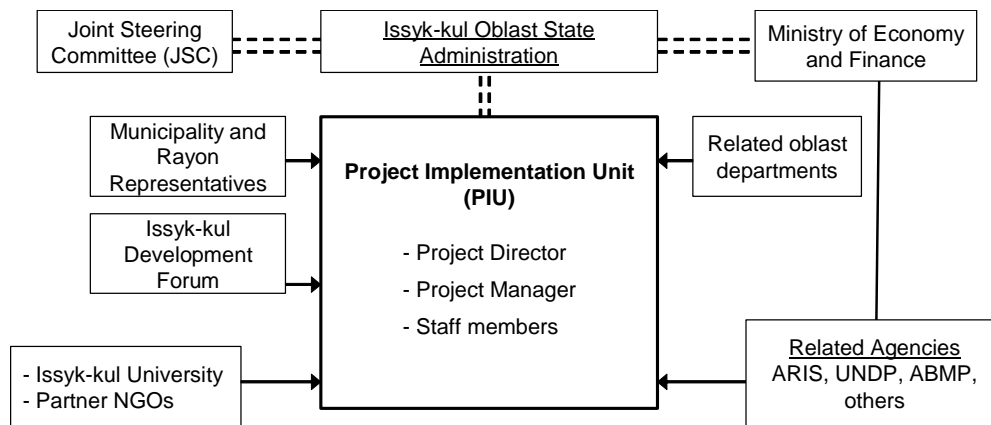


Figure 2.2.1 Initially Planned Institutional Setting for Implementation of J-CEP

The JSC was formulated with the following members in accordance with the R/D.

- Chairperson: Governor of the IK-OSA
- Members:
- First Deputy Governor of IK-OSA
 - Representative of the Ministry of Economy and Finance
 - Head of relevant Local Self Governments
 - Representative of Issyk-Kul Development Forum
 - Any other person decided by the Oblast State Administration
 - JICA Resident Representative
 - Leader of JICA Expert Team
 - Any other person decided by JICA

As Project Director (PD), the First Deputy Governor of the IK-OSA was nominated. The Project Manager (PM) and PIU members were nominated from the experts of the IK-OSA.

The Issyk-Kul Development Forum, which was organized in 2004 as a platform for exchange of opinions among stakeholders for the community-driven development, was expected to support the J-CEP. Through the discussion with stakeholders in the preparatory work, however, it was confirmed that the role and function of the Forum would be reviewed during the Phase I. Similarly, it was confirmed that the J-CEP would be executed in collaboration with the Issyk-Kul State University, associations of the private sector, NGOs, and their roles would be discussed and defined during the course of Phase I.

At the central level, the Ministry of Economy and Finance (MoEF) had been expected to promote co-ordination with other organizations executing programs related to the J-CEP. These organizations included ARIS (particularly its Village Investment Program) and UNDP (Poverty Reduction Program). However, due to the re-organisation of the MoEF into the Ministry of Finance (MoF) the Ministry of Economic Development and Trade (MoEDT) took responsibility for the J-CEP at the central level and became a member of JSC from August 2007.

2.2.3 Implementation of Pre-pilot Project

In the extraordinary session of the JSC, herbs were selected as one product of the pre-pilot project because of its potential as a specific product in the Issyk-Kul Oblast. The decision was also made in

the JSC to implement herb production together with some programs for social/livelihood improvements in one or two villages.

Based on the decision made in the JSC, the PIU and the JICA Expert Team commenced the pre-pilot project by the end of January 2007. The major activities undertaken in the pre-pilot project were as follows:

(1) Selection of Pre-pilot Villages

Two villages, Shaty village in Tup AO and Sary-Dobo village in Aral AO, both in Tup Rayon, were selected as the pre-pilot project villages through the following four steps of activities:

- (i) 26th January: At the request of PIU, Tup and Ak-Suu Rayons recommended 13 villages in five AOs and three villages in two AOs respectively, as those having potential for herb cultivation.
- (ii) 3rd February: In order to narrow down the candidate villages, workshops were held in Tup and Ak-Suu Rayons inviting the Heads of the respective AOs. In each workshop outlines of the J-CEP herb production technology and herb marketing potential were explained by the JICA Expert Team, and the Herb Production Supporting Team (HPST) which was organized under the J-CEP for the pre-pilot project implementation.
- (iii) 15th February: Workshops were held in the respective candidate villages and farmers having an interest in herb cultivation invited. Information required for the final selection of villages was also collected in these workshops.
- (iv) 16th February: The information collected in the above workshops was examined and evaluated together with the PIU. Shaty and Sary-Dobo villages were finally selected as the pre-pilot villages.

In each workshop held on 3rd February, the selection criteria were established by the participants, 12 officers in the Tup Rayon and 6 officers in Ak-Suu Rayon workshop. The selection criteria they listed were:

- (i) existence of potential leadership in herb cultivation and social/livelihood improvement in Rayon, AO and candidate villages,
- (ii) experience in herb cultivation,
- (iii) willingness to cultivate herbs,
- (iv) general working ability,
- (v) conditions for herb cultivation (land, soil, irrigation, etc.),
- (vi) location of villages and distance from main road and Karakol, and
- (vii) availability of telephone.

In the workshop held on 15th February, lack of leadership was observed in Ak-Suu Rayon, because the workshop was not arranged as planned.

On 16th February, the PIU and JICA Expert Team decided to select two pre-pilot villages only from Tup Rayon because of the situation mentioned above. Shaty and Sary-Dobo villages were then selected as the pre-pilot villages.

(2) Herb Market Research

The herb market research was carried out in order to know the marketability of herbs produced in the Issyk-Kul Oblast. The survey period was about one month from March to April 2007. For the survey two researchers were hired from the Agribusiness Competitiveness Center (ABCC). The markets covered by the survey were the domestic market in the Kyrgyz Republic, and markets in the Kazakhstan and Russia. The two researchers collected data and information from the government offices, producers, and private companies related to herb collection, processing, selling and exporting. For the survey in Kazakhstan, one researcher visited Almaty, and collected data and information from the parties concerned both in the public and private sectors. For the survey in Russia, relevant information was collected through the internet and those from traders who have connections with Russian market.

The survey results were compiled in the report titled “Market Research on Herbs” which was distributed to the parties concerned. The conclusions of the report can be summarized as follows:

- (i) There is high marketing potential for herbs grown in the Issyk-Kul Oblast, both in the domestic and in the foreign markets. However, the present situation shows that such potential is not being properly exploited. In other words, the demand for herbs in Kazakhstan and Russia is much higher than present production volume in the Issyk-Kul Oblast.
- (ii) The essential barriers on the way to international markets are:
 - lack of seeds for sowing,
 - agri-technical requirements for cultivation not being observed,
 - violation of collection and drying technologies,
 - lack of specialists in this sector,
 - lack of required marketing information, and
 - lack of support from the government.
- (iii) The strengths of the herbs in this region, lower prices and high content of biologically active components, make them more competitive when compared with herbs from other regions in the foreign markets.
- (iv) The biggest demand in the foreign market is for Calendula flowers, Chamomile flowers, Valerian roots, Licorice roots and others.
- (v) According to the information from the Kazakhstan and Russian markets, in 2006 the pharmaceutical markets in Kazakhstan and Russia grew 20% and 27% respectively. It can therefore be seen that the herb market is in a period of growth.

(3) Baseline Research

Baseline research was carried out in both of the pre-pilot villages in order to understand the current profile and condition of the villages. Under supervision of the JICA Expert Team the research was undertaken in March and May 2007 by two researchers of the subcontractor, NGO Community Development Alliance who also facilitated necessary workshop to collect information. The research was carried out by means of:

- (i) collecting data/sources and interviewing relevant officers at the local governmental offices at Oblast, Rayon and AO levels,
- (ii) interviewing relevant key-informants,
- (iii) organizing gender-sensitive workshop with people from focus groups, and
- (iv) other appropriate methods.

The findings were analyzed and consolidated into a report in English and Russian.

The PIU was involved in the research through requesting the relevant governmental offices for cooperation; monitoring the workshop; proofreading the draft reports; and giving advice accordingly.

The baseline research identified issues that were to be promoted or improved in the pre-pilot villages and to be utilized in implementing further activities. For instance, opportunities to obtain skills for business planning and accounting/bookkeeping (for family budget and finance) and social mobilization to strengthen their organizational management among targeting populations in the pre-pilot villages would be considered urgent measures. Based on the recommendations which emerged during the baseline research, a training/workshop for community empowerment in the pre-pilot villages was designed and implemented in July and August 2007 (see Paragraph (8) in this Section).

(4) Organizing the Calendula Producers Group

A farmers' organization for the production of Calendula was established formally at the workshops held on 14th March, 2007 in Shaty village and on 15th March, 2007 in Sary-Dobo village. The number of members and the cultivation area for Calendula in each farmers' organization are as follows:

Table 2.2.1 Number of Members and Area of Calendula Producers Group in Pre-Pilot Villages

	Members	Cultivation Area (ha)
Shaty Village		
- Leader farmer	1 household	0.4
- Cooperative	8 households	3.0
Sub-total	9 households	3.4
Sary-Dobo Village		
- School Group (CBO)		0.4
- Farmers Group (CBO)	4 households	0.8
Sub-total	4 households	1.2
Total	13 households	4.6

The cooperative in Shaty village had been established before the commencement of pilot-project, and had selected one farmer as their leader because of his experience in Calendula cultivation for a few years. The School CBO in Sary-Dobo village participated in the pilot-project with the intention of cultivating Calendula in the school farm and to put income from Calendula towards the school operation. Only the leader farmer in Shaty village had experience in Calendula cultivation; all other members in the producers group had no similar experience.

(5) Calendula Seeds Arrangement and Distribution

A total of 100kg of Calendula seed was arranged with support from one member of the HPST. The amounts distributed were 64 kg to Shaty village, 19.5 kg to Sary-Dobo village and 16.5 kg to the Kyrgyz Herb Producers Association (KHPA) in Maman village. The seed to KHPA was provided for a new member of this association.

(6) Technical and Marketing Guidance

The HPST was organized aiming at providing technical and marketing guidance to the Calendula producers groups, and consisted of a lecturer (agronomy) from the Issyk-Kul State University, a leader of KHPA and a herb trader/processor. In addition, an expert from the Kyrgyz Medical Institute joined the HPST when it was necessary to solve a Calendula allergy issue in Shaty village. The HPST's guidance on technical and marketing matters was provided as follows:

- (i) 3rd February: Overall herb production technology and marketing potential were explained to the participants of workshops held in Tup and Ak-Suu Rayons,
- (ii) 27th February: Overall herb production technology and marketing potential were explained to the participants of workshops held in the pre-pilot villages of Shaty and Sary-Dobo and aimed at organizing the Calendula producers groups,
- (iii) 12th April: Practical technical training on seeding technology and selling procedures were provided for the participants of the seed distribution ceremonies held in the respective pre-pilot villages, and
- (iv) 12th June: Practical technical training on thinning and irrigation methods was provided for the Calendula producers group in the respective pre-pilot villages.

(7) Trial of Solar Drying Facility

As a trial, a solar drying facility was constructed in three locations, i.e., Shaty, Sary-Dobo and Maman villages, in cooperation with KHPA. According to the results of the trial operation, the drying capacity was not remarkably higher than the common practice. However the new facility was more reliable than the common practice in rainy days. In addition, it was found that farmers frequently had to change the location of drying trays, upper trays to lower and lower trays to upper, in order to dry the flowers evenly. Moreover, plastic sheet available for covering drying house was very weak and easily damaged by strong wind. Under these conditions, farmers were getting tired of this practice, and many producers in the pre-pilot villages dried their product following the common practice.

(8) Training/Workshop for Community Empowerment

A training/workshop for community empowerment and related mentoring and consultations was implemented for one month beginning in the last week of July 2007. It was expected to deliver the following outputs:

- (i) A group of people including J-CEP herb farmers' organization members who take the initiative in the J-CEP livelihood improvement activities at each pre-pilot village,
- (ii) Action plans for livelihood improvement activities (including needs assessment),
- (iii) Family budget and business plan(s) of the J-CEP herb farmers' organization members and potential J-CEP partners, and
- (iv) Partnership between the herb farmers' organization in Shaty and Sary-Dobo.

The NGO "Community Development Alliance (CDA)" which carried out the baseline research was selected to be a subcontractor for the Training/Workshop implementation.

The Training/Workshop was implemented through the following activities:

- (i) Study tour to Boz-Beshek Village, Jety-Oguz Rayon, where the local community-based organizations have been working actively for community development for several years

- following successful social mobilization,
- (ii) Training/Workshop on social mobilization,
 - (iii) Training/Workshop and consultations on business planning, and
 - (iv) Post-training activities based on the training results.

The Training/Workshop in the pre-pilot villages began with activities to draw the attention of the village people to the J-CEP and OVOP Movement. Despite the fear that very few people would participate in the explanatory meetings during the height of the agricultural season, some interested groups of people gathered to learn about the community empowerment which J-CEP intends to achieve. They also indicated a wish to participate in the study tour organized for them to gain an understanding of what would be possible for their own community development and the means to achieve the development.

The Training/Workshop on social mobilization was held during the study tour; and the partnership between the two pre-pilot villages was developed through working together and sharing experiences. By the end of the training the participants stated their wishes and interests in:

- (i) How to register a group at the AO level to attain a legal status,
- (ii) How to develop projects and attract donors for their own community development,
- (iii) Accounting principles for cash assets within the group,
- (iv) How to establish and develop a group or a community fund, and
- (v) What are the principles of CBO or cooperative collective activities.

Those participants in the Training/Workshop on social mobilization who already had concrete business ideas or were already involved in income-generating activities were invited to the Training/Workshop on 'Introduction to Business Planning'.

During the Training/Workshop the participants analyzed their own income-generating activities, calculated a prime cost of the production, and realized importance of such calculations. They made further calculation for their activities, which improved their skills of business planning.

It was remarked that the participants planned to establish a group fund with the income and membership fees; that they developed plans for further community development. Several potential leaders for the J-CEP were identified during the Training/Workshop.

(9) Trial of New Herb Species

1) Importation of herb seeds from Germany

Five species of herb seeds which were comparatively new in the Issyk-Kul region were imported from Germany in cooperation with GTZ. They were Red Calendula (3.0 kg), Basil (1.0 kg), Hyssop (1.0 kg), Lemon Balm (1.0 kg) and Savory (1.0 kg).

Most of all of these seeds were provided to KHPA for trial purposes. About 50 g of each were also provided to the Botanical Garden in Bishkek where certain technologies and facilities were available for trial and seeds were expected to be produced for the next cultivation.

2) Herb seedlings from botanical garden, Bishkek

Seedlings of another species of herbs were arranged in cooperation with the Botanical Garden in Bishkek. They were *Origanum officinalis* (500 seedlings) and Mint [F1 variety] (1,000 seedlings). All

these seedlings were provided to KHPA for trial, and planted in the farm for the 2007 crop season.

3) Herb seeds from Japan

In addition to the above, herb seeds of nine species in quite small amounts were arranged from Japan also for trial purpose in the Issyk-Kul Oblast. They were Lavender (about 0.6 ml), English Lavender (0.6 ml), Hyssop (0.4 ml), Common Thyme (0.5 ml), Large Sweet Basil (0.5 ml), Peppermint (0.5 ml), German Chamomile (0.6 ml), and Echinacea (0.1 ml).

Following the suggestion made by an agronomist of the Issyk-Kul State University, these seeds were distributed to co-operators in three locations, KHPA in Maman village, Karakol municipality, and Kyzyl-Suu village in Jety-Oguz Rayon.

Hyssop, Common Thyme and Sweet Basil were germinated successfully in Karakol, and Hyssop and Sweet Basil in Jety-Oguz. No species were germinated in KHPA. The only herbs to progress to the harvest stage were Sweet Basil in Karakol and Jety-Oguz, because the agronomist left the University after seeding and accordingly no proper technical guidance was provided.

(10) Income Increase Effect in Each Calendula Producer Group

In order to know the income increase effect, data and information were collected from the calendula producers in Shaty village. In Sary-Dobo village, harvested and sales amounts were not properly recorded by the producer groups.

Net income of calendula production was estimated per hectare basis using data/information from Shaty village as shown in the table below:

Table 2.2.2 Estimated Net Income of Calendula per Hectare in Shaty Village

	Yield (kg)	Unit Price (KGS/kg)	Gross Income (KGS)	Production Cost (KGS)	Net Income (KGS)
Calendula (dry flower)	1,600	45	72,000	27,100	44,900

Then, the net income per household was estimated for the producers in Shaty village as follows:

Table 2.2.3 Estimated Net Income of Calendula per Household in Shaty Village

	Members (Household)	Cultivation Area (ha)	Total Net Income (KGS)	Net Income per Household (KGS)
Leader farmer	1	0.4	17,960	17,960
Cooperative	8	3.0	134,700	16,838
Total or Average	9	3.4	152,660	16,962

This amount of net income corresponded to about 20% of their average annual expenditure which was estimated at 80,000 KGS per household according to the baseline data. It was concluded that the Calendula production brought about 20% increase in income to the producers, since almost no farmers in Shaty village had any savings; according to the baseline data (expenditure equaled to income).

2.2.4 OVOP Potential Map Preparation

An OVOP Potential Map has been prepared in the J-CEP frame in order to appreciate the information on locally available products and/or resources with a potential for processing at the village level to increase their value and competitiveness in both domestic and global markets. The map is expected to be used to promote the OVOP Movement in the Issyk-Kul Oblast.

A survey by local university students was carried out to collect information for the map covering 58

AOs and one town. It took about one month from the end of July until the end of August. The finished product of the OVOP Potential Map was distributed throughout all AOs in the Issyk-Kul Oblast and the related agencies.

The OVOP Potential Map preparation was intended to achieve the following objectives:

- (i) An identification of potential product(s) and/or resource(s) in each AO in the Issyk-Kul Oblast,
- (ii) To visualize the above identified information on a map, and
- (iii) The dissemination of the information on OVOP Movement of Issyk-Kul Oblast to the officers in the respective AOs and leaders in selected villages.

The students and PIU members gathered on the first day of the pre-survey workshop to obtain the necessary skills for field research for the OVOP potential map. Having successfully completed the pre-survey workshop the students moved to their respective AOs and carried out the six-day field survey. Ten teams, each consisting of three or four students, visited 5 - 7 AOs to obtain appropriate information on which the map would be based. The key informants were the AO Head, Secretary and other AO office staff, workers in public services including schools, aldermen and women, and any other persons referred by the people above.

The data and information were processed to make the Issyk-Kul OVOP Potential Map together with a list of potential products in the respective Rayon and AO. The final product was, the OVOP Potential Map in approximately A1 size. Five hundred paper copies were printed for distribution among the related agencies. The image of the OVOP Potential Map is as shown in annexed Figure 2.2, and the list of potential products, on which the Map was based, is presented in annexed Table 2.2.

2.2.5 Achievements in Phase I

(1) Pre-Pilot Project

The performance of Calendula Producers' Groups in the pre-pilot project was generally satisfactory as described from the following perspectives:

- (i) The Group members who were inexperienced in Calendula cultivation have achieved the harvest and the sale of products despite very limited assistance from the J-CEP (seeds, technical and marketing guidance, and trial facility of a solar dryer). They seriously approached the challenge of this new crop production at their own risk. As an example, in the Shaty village, the Cooperative's sub-leader sold livestock in order to raise funds for weeding and harvesting of Calendula.
- (ii) As a result of the Training/Workshop and the study tour organized for the social mobilization and business planning, the participants from the pre-pilot villages attained the level of preparing action plans for the improvement of their livelihoods. They would actually put the plans into effect if continued technical assistance, for example, further training on business planning and consultations in implementation, is provided on a regular basis.

Because of the above facts, it was evaluated that the villagers had a capacity to participate in the community empowerment activities.

For further implementation of the J-CEP, however, the Expert Team pointed out some lessons learned

as follows:

a. Technical issues

- (i) The technical guidance should be provided just before the farmers have to carry out specific activities, preferably through on-the-job training basis. According to the experience of the pre-pilot project, Calendula farmers requested the J-CEP to provide technical guidance on the harvesting method, although training was carried out verbally about a half month before the commencement of harvest.
- (ii) The villages tend to avoid time consuming activities. This was found in the operation of solar dryer as mentioned in Section 2.2.3 (7). Simple and easy operational facilities have to be taken into account when they are necessary to be introduced.
- (iii) Villagers are very busy during the crop season, because they have to carry out the respective farming work within a very short period following the change of season. It is therefore necessary to consider this working pattern when the J-CEP introduces new activities to the target villages. From labor utilisation point of view, it is proposed to introduce new activities to be taken during the winter season.

b. Economic issues

- (i) The majority of villagers have little experience in economic matters, not only in terms of household budgeting, but also in market economics. This is because for a long period of time they had been in living within the planned economy which extended over the long period of the Soviet era. It was probably impossible for them to learn to operate in a market economy in the short time of 16 years after independence. In the implementation of the J-CEP, therefore, improvement of villagers' ability to function in the prevailing economy would be one of the most important activities.
- (ii) Similarly, the villagers are very weak in the marketing of their products. In the case of Calendula, their production and processing activities were generally satisfactory. However, they were very concerned about its sale. For this reason the J-CEP invited a trader as a resource person in the village workshop. A similar approach is proposed to be taken even in the next phase of the J-CEP.

c. Institutional issues

- (i) An availability of farm land for the production of certain crops should be confirmed before the commencement of J-CEP even potential group members promise to arrange the farm land. In case of the Shaty Cooperative, it took a long time for renting procedure of the farm land which belongs to AO. As a result, the seed planting was carried out about a half month later than other locations.
- (ii) When working with a newly created CBO or a co-operative without practical experience in proper management special attention to, and support for, their capacity building, in particular social mobilization will be needed. It is not so complicated to register a group as a CBO or a cooperative at the local level with a simplified process. However, it has been observed in quite a few registered CBOs and cooperatives that the level of management, which includes simple record keeping or reporting for tax inspection, is very poor.

(2) Institutional Strengthening

The achievement of institutional strengthening was assessed based on the “objectively verifiable indicators” presented in the original PDM.

Evaluation indicators set in the original PDM:

- 1.1.a Degree of understanding of the Project
- 1.1.b Matching the necessary number of staff with the number of capable personnel
- 1.1.c Allocation of necessary budget by the Issyk-Kul Oblast
- 1.1.d Frequency of various meetings such as Steering Committees, Development Forums, etc.

1) Degree of understanding of the J-CEP

The J-CEP and the OVOP movement have become widely known at each level of administration, because the J-CEP/PIU and other organizations/agencies have undertaken the following activities during the Phase I.

a. Oblast, Rayon and AO Administration levels

- (i) The workshop held on 18th January at which the approach to the J-CEP was discussed among the stakeholders. Nine officers from the Oblast State Administration and six officers from Rayon/Municipality administration participated.
- (ii) The meeting held on 21st February to which all the AO heads, agriculture related officers in AOs and CBO representatives totaling about 150 participants were invited. The PM presented the plan for the J-CEP and the OVOP Movement.
- (iii) The publicising of activities of the J-CEP and OVOP Movement was carried out in a meeting held on 16th May for the Oblast financial related officers and another meeting held on 22nd May for the Issyk-Kul Rayon’s financial and migration committee related officers.
- (iv) PM was interviewed by the Vesti Issyk-Kula (local newspaper) on the J-CEP and the OVOP Movement. It was reported in the newspaper on 6th April.
- (v) On 28th August AKIPRESS (Internet news agency) reported about the study tour arranged under the J-CEP in which the First Deputy Governor of the IK-OSA and other two officers were learning about the OVOP Movement in Oita prefecture in Japan.

b. Other public agencies in Issyk-Kul Oblast

- (i) The students of the Issyk-Kul State University carried out the field survey during the period 6th - 11th August covering almost all the AOs in the Oblast in order to collect information on potential products for the OVOP Movement. During the field survey, the students explained the details of J-CEP and the OVOP movement to the AO officers and village people.
- (ii) The students developed an interest in the OVOP Movement because of the above work. Many of them had the intention to establish a student society for the study of the OVOP Movement.
- (iii) The Issyk-Kul Micro Credit Agency expressed the intention to support the OVOP Movement, if the fund is available.

c. Central Government level

- (i) The understanding of the OVOP Movement was gradually expanding, since the advisor to the Kyrgyz President, Japanese Professor Tetsuzi Tanaka suggested its promotion to the President, and a Minister of the Ministry of Finance talked about the Movement in the donor meeting.
- (ii) A Vice Minister of the Ministry of Economic Development and Trade expressed his interest in the OVOP Movement and agreed to the co-operation with the J-CEP including becoming a member of the JSC (16th July, 2007).

2) Matching necessary number of the PIU members

The assignment of the PIU members as of the end of August 2007 is presented in the table below.

Table 2.2.4 Assignment of PIU Members

Position	Stated in R/D	Present Situation (End of August 2007)
Project Director	Mr. Alyshbaev K.K First Vice Governor	No change
Project Manager	Mr. Imanaliev Almaz Head of Department	No change
PIU Member 1)	Ms. Mamedova S.A Head of Department	Promoted to Deputy Governor (July 2007)
2)	Ms. Orozova G.J	Now on maternity leave
3)	Mr. Mambetkulov T.B Chief specialist (External Economic Relations)	Mr. Dunganayev M.A Leading specialist (Agriculture And Processing Industry)

All the PIU members including the PM were the part time counterparts, although full time counterparts has been expected to be assigned in R/D. According to the IK-OSA, it was difficult to assign full time counterparts due mainly to the change in budgetary system of the government.

3) Allocation of necessary budget

The budget for the implementation of the J-CEP was not arranged until the end of Phase I. However, the Oblast State Administration was trying seriously to cope with this problem. They had sent a letter to the Ministry of Finance to request the allocation of the counterpart fund of 2KR for the J-CEP.

4) Frequency of various meetings

The extraordinary session of the JSC meeting was held on 24th January, 2007. The participants were four from the IK-OSA including the Governor and five from the Japanese side including the Resident Representative of JICA Kyrgyz Republic Office (refer to Section 2.5.1).

Regarding the Issyk-Kul Development Forum, its consolidation was withheld and networking of the stakeholders would be undertaken.

All three PIU members were appointed including a successor for resigned staff. The PIU weekly meetings were held from the end of March 2007 as the place to discuss the progress and problems of the pre-pilot project. Up to the end of August 2007, these meetings had been held 18 times.

(3) OVOP Potential Map Preparation

The OVOP Potential Map preparation was successfully conducted in co-operation with the Issyk-Kul State University, a local NGO as well as AOs and villages/communities, which proved that such a

network can be utilized in the J-CEP implementation.

The J-CEP made a direct contact with AOs through the student-researchers during the field survey, where the OVOP Movement was introduced and the local potential products were discussed by the village leaders. Good potential to implement the OVOP Movement were identified at most of AOs and villages. It was noted by the student-researchers that many AO representatives showed their leadership and motivation for socio-economic development at the local level.

The students strongly urged that youth involvement in promotion of the OVOP Movement was essential. The youth would be great human resource full of ideas. When the post-survey workshop finished, the students discussed the way to pursue their initiatives in the OVOP Movement. They agreed to organize regular meetings and to publish a students' newspaper in which they will explore further the community development.

(4) Initial Evaluation

At the end of Phase I, the initial evaluation of the J-CEP was carried out jointly by JICA and the Kyrgyzstan authorities concerned. JICA dispatched the Initial Evaluation Team during the period from 12th to 18th September, 2007 specifically for this evaluation.

By evaluating the achievement of outputs in Phase I, the Team concluded that the J-CEP might be preceded to the Phase II for the implementation of pilot project. The results of evaluation including some proposals of both parties for the implementation of Phase II were compiled in the Minutes of Discussions (M/D), and the contents of M/D were discussed in the JSC meeting (No.1). More details of the JSC meeting (No.1) are described in Section 2.5.1.

2.3 Activities and Achievements in Phase II

2.3.1 Overall Pilot Project Plan

(1) Strategy for Community Empowerment

The strategy for the J-CEP was worked out at the beginning of Phase II as follows:

- (i) To provide support for villages/communities having the potential for, and interest in, production/processing of OVOP products and aiming at development of human resources in rural area and creation of the Issyk-Kul Brand (IK-Brand),
- (ii) To support villages/communities in the marketing of OVOP products aiming at the creation of a new value chain in which producers, purchasers, retailers, consumer groups and other supporters for the OVOP Movement are networked,
- (iii) To build a network for the promotion of the OVOP Movement involving both the public and private sectors, and
- (iv) To send information to the Central Government agencies on technical barriers to opening and operating community-based business aiming at the simplification of official restrictions.

(2) Overall Pilot Project Plan

Based on the above strategy, the overall pilot project plan was formulated as shown in the figure below.

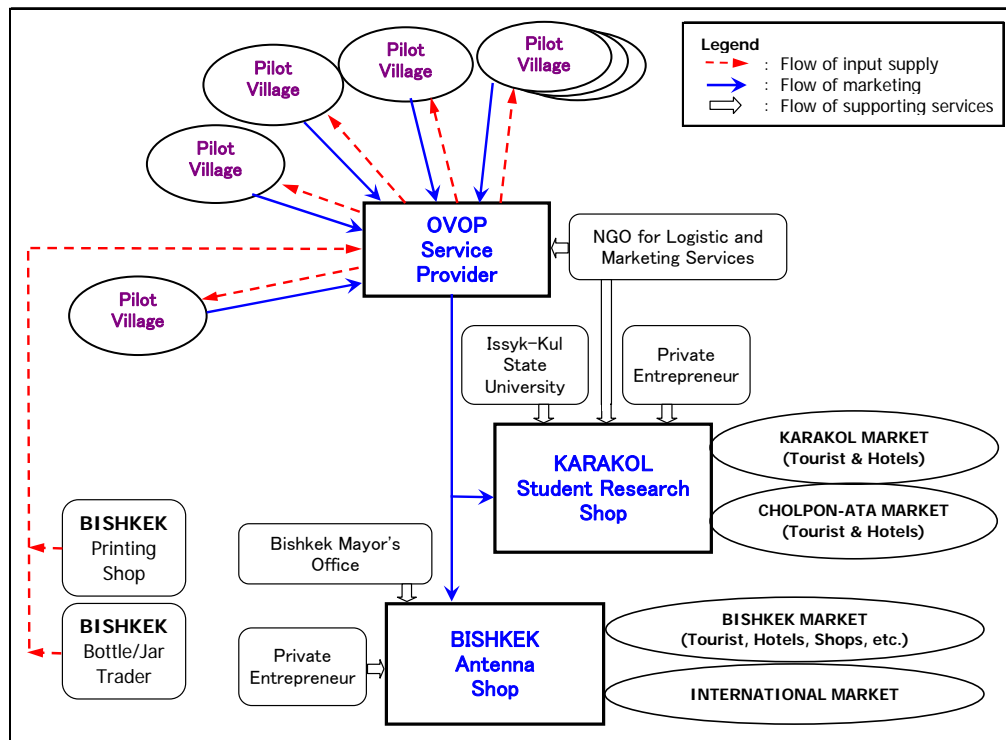


Figure 2.3.1 OVOP Promotion and Operation Plan for the Pilot Project

Major players in the above structure are:

- i) villages/communities,
- ii) OVOP Service Provider,
- iii) Karakol Student Research Shop (KSRS), and
- iv) Bishkek Antenna Shop.

The role of each player planned for the implementation of pilot project is described below:

1) Villages/communities

As a target group of the project, the J-CEP supports the villages/communities having potential for, and interest in, production/ processing of OVOP products. In the light of their weakness in conducting business, the J-CEP's technical support covers many aspects ranging from organizing interested villagers into a group to the sale of their OVOP products. However, the J-CEP's financial support is minimal. Basically, the facilities, equipment and materials necessary for starting the business are provided in kind. The businesses are guided to repay the same value of these items with the aim of forming a revolving fund which will be utilized for sustainable operation of their business.

2) OVOP Service Provider¹

The OVOP Service Provider is assigned in co-operation with local NGO and has experience in marketing of local products and networking of stakeholders in the markets. The major roles of the OVOP Service Provider are: i) supply of requisite materials and services for the production/processing

¹ In the Progress Report (No.2) in which the overall pilot project plan was presented firstly, this person was called the OVOP. In this report, however, the OVOP Service Provider is to be used as an appropriate terminology taking the actual roles played by this personnel into account.

of OVOP products to the villages/communities, ii) providing technical support for processing of OVOP products, and iii) providing marketing services for sale of OVOP products.

3) Karakol Student Research Shop (KSRS)

KSRS is to be the marketing point in Karakol city. Major parts of the operation and management of the KSRS are expected to be undertaken by student volunteers of the Issyk-Kul State University. It is planned to recruit about ten student volunteers who have an interest in conducting research in marketing of OVOP products and promotion of community-based business. For supervising all the activities of student volunteers and providing on-the-job training to them, another OVOP Service Provider or KSRS manager is to be recruited also in cooperation with local NGO.

4) Bishkek 'Antenna' Shop

The establishment of an Antenna Shop in a large city is essentially important for the sale of OVOP products which differ much from commodities produced by mass production. As another role, the Antenna Shop will usually advertise and demonstrate the OVOP products to the people in the large city. The Bishkek Antenna Shop is thus opened under the J-CEP in order to advertise, demonstrate and sell the OVOP products both to the people in the biggest city in Kyrgyz and to traders from foreign countries.

2.3.2 Implementation System in Phase II

(1) Administration in Phase II

Administration of the J-CEP in the Phase II was basically the same with that stated in the R/D. The PD, the First Deputy Governor, was responsible for the administration and implementation of the J-CEP. The PM was responsible for the managerial and technical matters. All the PIU members including PM executed the J-CEP as part-time counterparts. This situation continued on from Phase I, although full-time counterparts were expected in the R/D. The assignment of the PD, PM and PIU members for the J-CEP is presented in annexed Table 2.3.

The PIU meetings have been held continuously on a weekly basis from the Phase I. The number of PIU meetings held until the end of July 2010 was 93. Major subjects discussed in the meetings were mainly the progress of the project, problems and the working out of solutions to the problems.

At the central level, the MoEDT (Aid Strategy Department) was in charge of the J-CEP during most of the Phase II period. However, the Ministry responsible for the J-CEP became unclear following the re-organisation of public government announced by the President on 20th October 2009, in which MoEDT was reorganized into the Ministry of Economic Regulation (MoER).

At the grass roots level, Rayon and AO administrations had the role of implementation of the pilot project.

It should be noted that the PM and PIU members prepared proposal to the PD in March 2009 for the establishment of a new department in the IK-OSA which would be in charge of community empowerment with the OVOP Movement. This proposal was worked out as a result of intensive discussions among PM, PIU members and the Expert Team in order to review the 1st cycle activities and redefine J-CEP and community empowerment (refer to Appendix 7).

(2) Implementation System of Phase II

The illustrated Figure 2.3.2 below shows the implementation system established for the Pilot Project operation in the Phase II.

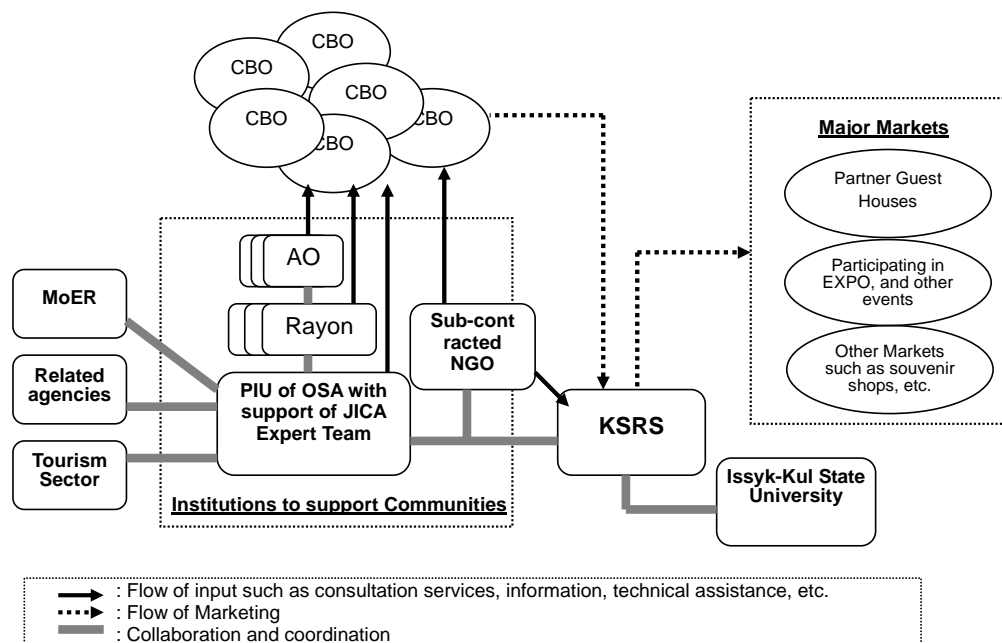


Figure 2.3.2 Implementation System of Phase II

The above mentioned administration was assisted technically by the JICA Expert Team for the implementation of the pilot project. A local NGO was sub-contracted to assist with logistical issues regarding implementation of pilot project by assigning the following specialists:

- (i) OVOP Service Provider for carrying out a) logistics on the production and marketing of OVOP products at each pilot CBO site, and b) monitoring of the CBOs' production activities, c) capacity development of the CBOs in terms of marketing,
- (ii) A KSRs Assistant Manager for the management and operation of the KSRs with support of student volunteers, and
- (iii) A renovation specialist to give engineering services to the pilot CBOs for renovation of processing workshop.

1) Opening the KSRs

In order to function as a place for the presentation and carrying out market research of OVOP products, Karakol Student Research Shop (KSRs) was formally opened at the beginning of September 2008 in premises of IEM of Issyk-Kul State University. This was just in time to start selling the CBOs' products. Agreement was made between the University and IK-OSA to use it free of charge as a marketing place for IK-Brand products. Minimum renovation by the J-CEP was required and included re-painting, preparation of shelves, and installation of electricity.

In advance to the formal opening, KSRs was opened informally at the beginning of August, soon after completion of renovation as a part of training for student volunteers, to establish the management system. Local producers who produce potential IK-Brand products such as honey, felt souvenirs and natural juice were invited to participate in the OVOP Movement activity by selling products at KSRs.

The official opening ceremony was held on 9th September, 2008 and was presented in local TV program.

2) Opening Bishkek 'Antenna' Shop

In order to obtain premises for opening the Bishkek Antenna Shop, an official request from the Governor of IK-OSA was made to the Bishkek Mayor Office on 22nd September, 2008. In response to the request, the Department of Economic Development and Public Property Agency of the Mayor Office carried out investigations into available premises over a period of about three months. However, in the meeting held with J-CEP and MoEDT on 20th February, 2009, the Department expressed a negative reply to the request as follows:

- (i) It is difficult to provide the premises for the J-CEP free of charge, because there are many potential tenants who have an interest in getting premises for their business activities and who will pay a rent, and
- (ii) It is proposed that JICA or IK-OSA construct the Bishkek Antenna Shop on a land space which would be provided by the Bishkek Mayor Office.

Because of the negative answer from the Bishkek Mayor Office, the counter-measure was discussed among the PD, PM, PIU and Expert Team members in the light of importance of the Antenna Shop for J-CEP. As a result, both PIU and the Expert Team decided to take the following countermeasures:

- (i) The IK-OSA will continue negotiation with the Bishkek Mayor Office for obtaining premises for the Antenna Shop free of charge, and
- (ii) As an alternative, the J-CEP will make an attempt to obtain certain premises in Cholpon-Ata where many tourists visit during the summer holiday season.

Following the above decision, the PIU and the Expert Team members investigated two potential premises in Cholpon-Ata on 27th March, 2009. One was the Issyk-Kul Biosphere Reserve (or Eco-center) and the other was the State Residence. However, the J-CEP could not set up the Antenna Shop using these either of these premises, because of their inappropriateness for the shop. As of the end of June 2010 no Antenna Shop has been established.

2.3.3 Implementation of 1st Cycle Pilot Project

(1) Selection of Potential Products and Pilot Villages/Communities

Potential pilot villages/communities for the 1st cycle were selected using the following procedure. It was planned to select the target CBOs through working with them and observing their attitude and enthusiasm while making action plans together. The pilot CBOs were selected 6 months after starting their selection.

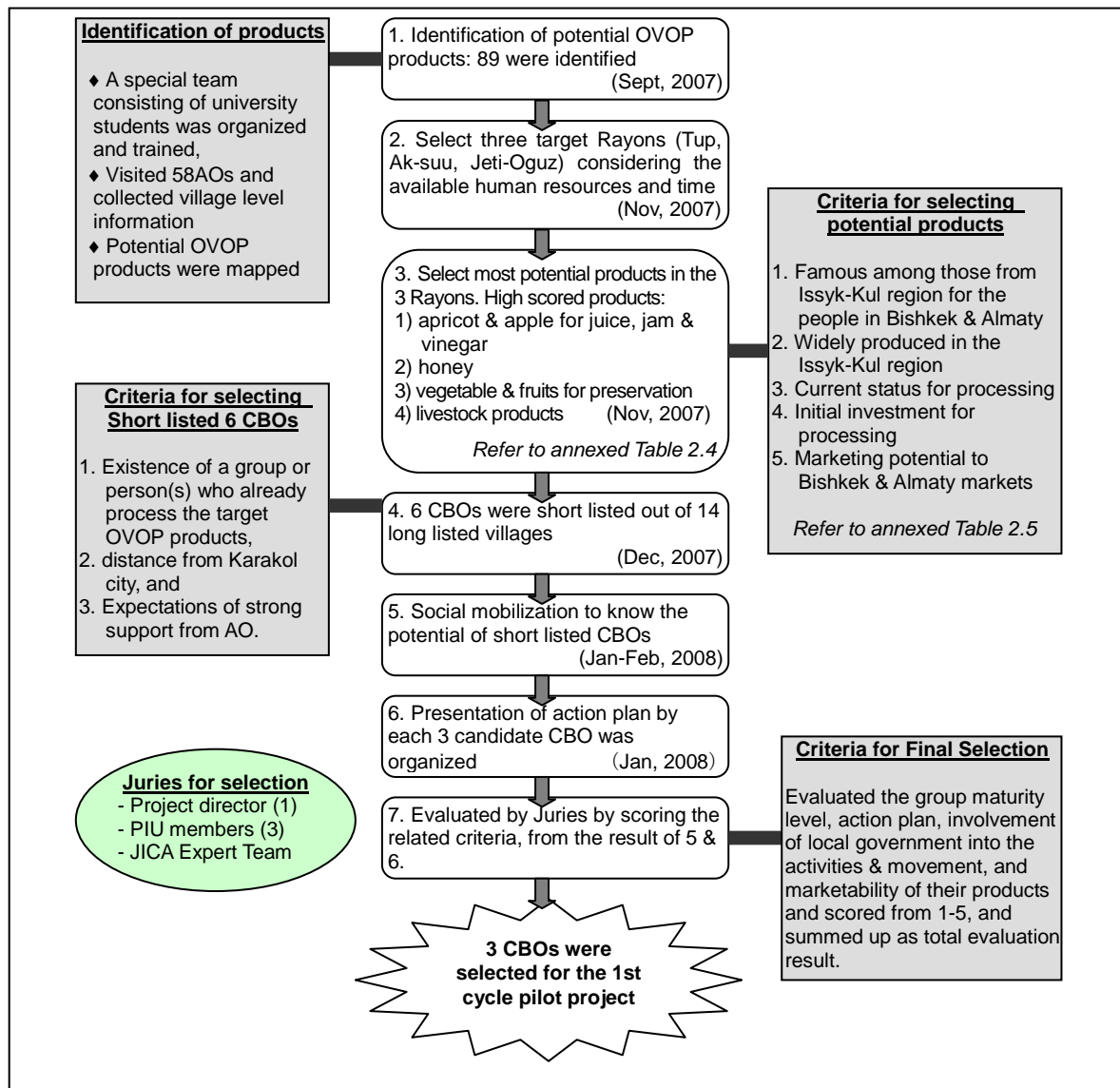


Figure 2.3.3 Selection Process of 1st Cycle Pilot CBOs

To be able to select the most appropriate pilot villages/communities with real interests towards the OVOP Movement, a series of meetings were held with the following objectives:

- to provide a clear understanding of the J-CEP and OVOP Movement among interested parties which included the potential pilot CBO members and the relevant local governmental officers from Rayon and AO,
- to obtain information and observe the current condition of the potential OVOP production and villages/communities, and
- to develop an action plan for their OVOP production and their organizational development.

The whole process was called “social mobilization” since this kind of activity itself could facilitate and mobilize people to realize what they *want* to do and what they *can* do.

The series of meetings were held, separated into two parts shown below. A presentation was then organized to share the action plans made. The whole process was carried out by the sub-contracted NGO with instruction by the Expert Team.

1) 1st part (December 2007)

<p><u>Objective</u> To give the participants overall information on the purposes and experiences of J-CEP, the concept of the OVOP Movement, the purposes and plans of the pilot project, the expected responsibilities to be taken by the potential pilot villages and the process of pilot-village selection including the schedule of the Second Workshop.</p>
<p><u>Venue</u> At each of the six potential pilot village or relevant Rayon Administration offices</p>
<p><u>Participants</u> Around 200 participants in total.</p>
<p><u>Frequency of meetings</u> Once at each relevant pilot community/Rayon (6 times in total)</p>
<p><u>Contents of the meeting</u></p> <ul style="list-style-type: none"> ✓ Presentation to explain J-CEP and OVOP Movement ✓ Film show “Irodori” (an example of community empowerment in Japan) ✓ Discussion among the participants over possibilities and the application of the OVOP Movement in the Issyk-Kul Oblast. ✓ Analysis of stakeholders and the current situations (advantages and disadvantages) of their potential OVOP production in stages of raw-material collection, processing, bottling/packaging, labeling, transportation, sales and marketing. ✓ Discussion on the roles and responsibilities to be undertaken by the CBO members, local government offices and J-CEP.

It was observed that all participants demonstrated their interests in the contents of the presentations and actively participated in the sessions during the workshop. All of the potential villages/communities showed their readiness and potential to take responsibilities to work with the J-CEP, though their level of communication with the local government was evaluated quite low. It was recommended that the relevant local governmental officials, especially the AO Head, should become involved in the process of the Action Plan development during the second workshop; and the plans should be available to the public in order to strengthen their partnership with stakeholders in the framework of the J-CEP. At the end of the workshop, all six villages/communities confirmed their willingness to participate in the second workshop and to be enrolled in the selection of J-CEP pilot villages/communities.

2) 2nd part (January and February 2008)

<p><u>Objective</u> To formulate an overall action plan which would consist of organizational development plan and production/processing plan</p>
<p><u>Venue</u> At each six potential pilot village</p>
<p><u>Participants</u> Potential CBO members at each of the pilot villages/communities</p>
<p><u>Frequency of meetings</u> Twice a week for each potential pilot village/community</p>
<p><u>Contents of the meeting</u></p> <ul style="list-style-type: none"> ✓ Organizational Development plan includes; formulation of villagers’ organizational structure, assignment of personnel for the organizational management and determination of responsibilities of each person, and establishment of the organizational rules. ✓ Production/processing plan; collection of raw materials; processing of raw materials; procurement of materials and machinery required for production/processing; marketing of the OVOP product(s); required assistance from local administrations; required assistance from the J-CEP; cooperation with other villages; required certificates and permissions; and required research/survey for clarification of unknown factors.




The workshop helped the participants develop their action plans step by step. At the first meeting the outline of the planning was introduced and more information was filled in the matrix at the following meetings. During the period of the second workshop the participants got together at least twice a week to improve their action plans. Any AOs did not participate directly in the workshop, but some of them provided the venue for workshop and visited the sessions.

Specialists from related agencies and organizations, such as Kyrgyz State Standard, Sanitation Epidemiological Service, Environmental Protection Service, Tax Inspection Service, Marketing Service Center and others, contributed their expertise to support the potential CBO members to improve their plans. Most of the specialists who co-operated in the action plan development were the employees of the Oblast or the Rayon agencies and participated in the workshop as a part of their duties with appropriate directions from the Oblast and Rayon administrations.


The three selected potential CBOs are presented below. With regard to Maman village, it was agreed to continue collaboration and partnership among the CBOs, JICA volunteer and the J-CEP for joint activities, separately from the potential pilot CBOs.

Table 2.3.1 Characteristics of 1st Cycle Pilot CBOs and Partner CBO

1st Cycle Pilot CBOs

<p>ADILET Wild berry jam</p> 	<p>Jergez Village, Keregetash AO, Ak-Suu Rayon Registration: not yet registered 14 Members (F7 and M7) Structure: Leader and Members No system for regular meetings and record keeping Workshop: member's home kitchen Equipment: cooking heater, pot, etc.</p>
<p>BEREKE Wild berry jam</p> 	<p>Chonkyzylsuu Village, Svetlaya Poliyana AO, Jeti-Oguz Rayon Registration: not yet registered 8 Members (F4 and M4) Structure: No official structure No system for regular meetings and record keeping Workshop: members' home kitchen Equipment: cooking heater, pot, etc.</p>
<p>SHIRIN Dry fruits</p> 	<p>Saruu Village, Saruu AO, Jeti-Oguz Rayon Registration: not yet registered 10 Members (F5 and M5) Structure: No official structure No system for regular meetings and record keeping Workshop: member's home kitchen Equipment: electrical fruit drying machine</p>

Partner CBO

<p>UZDAR* Herbal soap</p> 	<p>Maman Village, Oktybr AO, Ak-Suu Rayon Registration: not yet registered 12 Members (F10 and M2), Family and friend oriented Structure: No official structure No system for regular meetings, some experiences of record keeping Workshop: member's private workshop Equipment: herb dryer</p>
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(2) Baseline Survey in Selected Pilot Communities

The Baseline Survey was carried out in March 2008 for the purpose of acquiring a better understanding of the experiences and current situation of the three selected pilot villages/communities. The scope of the surveys is summarized in the table below.

Table 2.3.2 Areas of Baseline Survey Conducted 1st Cycle Pilot Villages/Communities

Areas of Survey	Major Survey Items	Informants
1) Profile of potential CBO	Current situation of the group, experiences of the members and other groups, which became the base of the new CBO, background of establishment of CBO, organizational status, members (number, roles), organizational management (structure, decision making, membership, communication, resource management), resources (human resources, financial resources, record-keeping), internal rules; and external affairs (relations with local governments, donors, other organizations and CBOs)	group members
2) OVOP production	Background: why they chose the product; skills and knowledge on the production; expenditure and input (raw materials, equipment, funds); place for processing (evaluation according to the standard established by relevant agencies such as sanitation office); processing (human resources, amount, pricing, record-keeping); bottling/packaging and labeling (containers, label, packaging materials); output (sales, market, income, profit); and result (self-evaluation, usage of income and profit)	group members
3) Life style of potential CBO members	sources of income and savings; expenditure; access to and control over family resources; house infrastructure; and seasonal daily diet and nutrition	Two households from each group
4) General information about the villages	village's geographical feature; history; population; local governmental structure; local residents' associations and structure, including the CBOs; education; health; economy, including major industries; land resources; water resources and other applicable subjects	AO offices and relevant public service offices at the village level

The research methods used were mainly focus group discussions and semi-structured interviews. The survey was carried out by two researchers from the sub-contractor, NGO Leader. The information and data collected were carefully reviewed and analyzed to establish appropriate indicators to measure the effectiveness and scale of achievement expected in the pilot project as well as to monitor the progress.

Concerning Maman Village, the CBO members with the JICA volunteer have collected the necessary information and baseline data to compile and make a report by themselves. It was a trial, which has become a successful example to demonstrate their capacity and commitment to such kind of work.

(3) Preparation for Production

1) Necessary actions for opening business

To open a community based business, there are many necessary actions to carry out in addition to the procedures required by government. The flow chart of the activities is shown below. The Expert Team assisted the CBOs in following all the steps to open their businesses through the OJT.

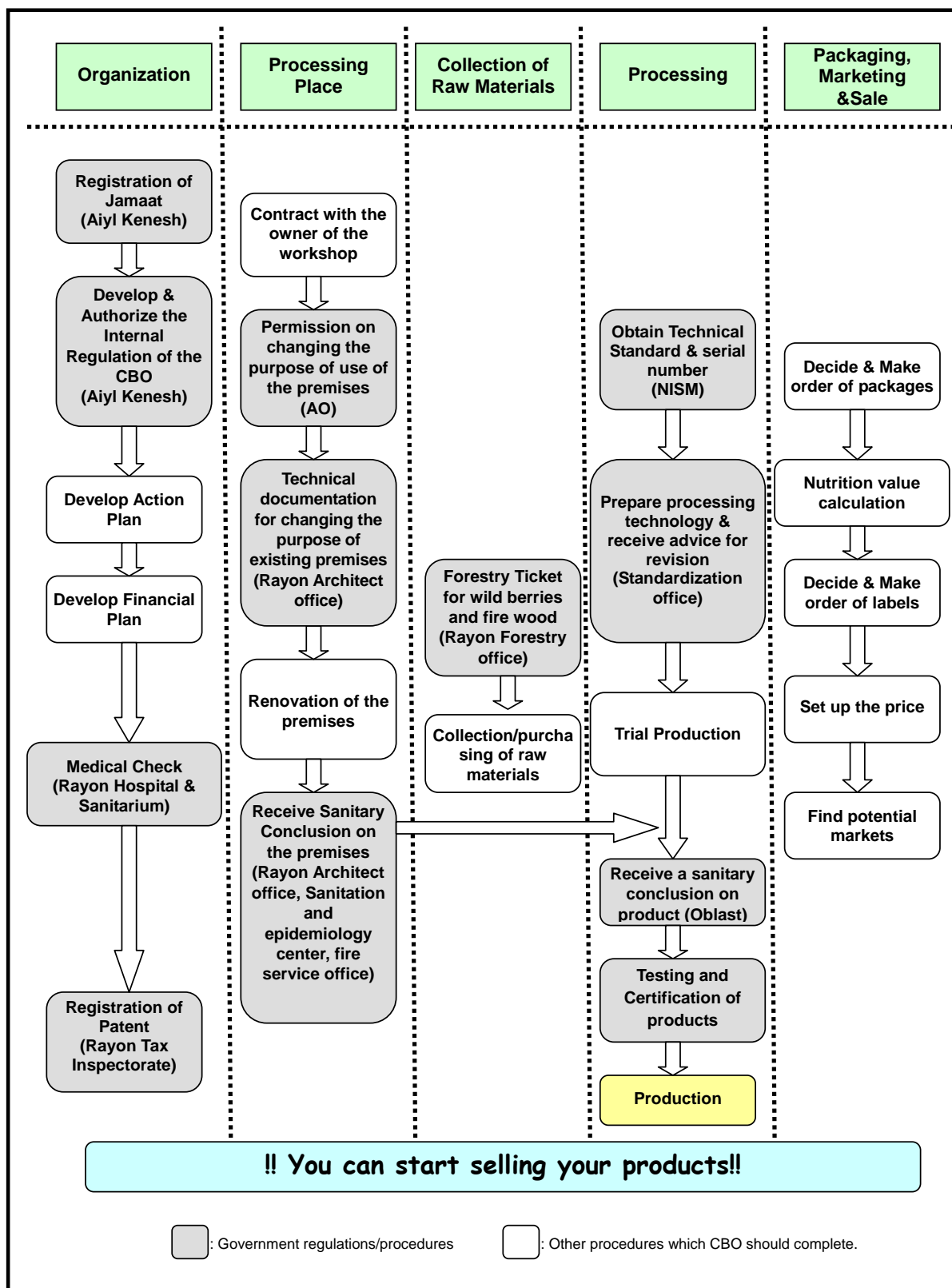


Figure 2.3.4 Flow of Opening Community Based Business

2) Procedures currently required for opening community based business

At the beginning of starting pilot projects the J-CEP carried out research into the procedures currently required for opening community based businesses. Due to frequent administrative reform, various laws and regulations also often change which appeared to impede the smooth start up and operation of

the community based businesses. Under the current regulations (July 2008), the following procedures are required for the start up of an agroproduct processing business. The cost shown varies, depending on the place of registration, variety of products and other reasons.

Table 2.3.3 Procedures Currently Required for Opening Community Based Business

Government regulations required	Concerning Government Agencies	Approximate No. of days	Cost (KGS)
1) Registration to start business (organizational aspect)			
- Registration of CBO	Aiyl Kenesh	0.5	0
- Internal regulation of the CBO	Aiyl Kenesh	0.5	0
2) Safety and Sanitation of working place			
- Permission for changing the purpose of use of the premise	Aiyl Okmotu	0.5	60
- Technical documentation for changing the purpose of existing premise	Rayon Architecture Office	14	3,749-6,000
- Sanitary conclusion on the premises after premises check	Rayon Architecture Office, Sanitation and Epidemiology Center, Fire service office	1.5	1,180
- Employee Health check (each member)	Rayon Hospital, Sanitation and Epidemiology Center	5.0	300-430
3) Use of Natural Resources			
- Forestry ticket (for collecting wild berries)	Rayon Forestry Office	0.5	0.8~1.18/kg
- Forestry ticket (for collecting firewood)	Rayon Forestry Office	0.5	300~368/m ³
4) Production related Regulations			
- Technical Standard	NISM (National Institute of Standardization and Metrology)	0.5	150
- Processing Technology	Karakol Center on Standardization Testing and Metrology	-	-
- Testing and Certificate of product	Standardization Office in collaboration with Rayon and Karakol State Sanitation and Epidemiology Center or accrediting bodies	10	1,000~5,587
5) Regarding Tax			
- Registration of relevant patent	Rayon Tax Inspection Office	0.5	-

Data as of July 2008. Liable to change depending on the changes of law and organizational structure.

The procedures occupy a lengthy period and a substantial amount of fees. Since the regulations and procedures change frequently, it is necessary to confirm the latest procedures whenever starting a new business.

3) Market research on potential products

Market research on potential OVOP products was conducted from December 2007 to February 2008, by visiting major supermarkets and bazaars in Bishkek as well as in Karakol.

The major items of the survey were as follows:

- (i) Potential fruits of Issyk-Kul Oblast,
- (ii) Major products from fruits and its processing procedures,
- (iii) Prices and marketing of potential products (jam, fresh juice, vinegar, dry fruits, herbal soap, herbal oils),
- (iv) Domestic distribution system, and
- (v) Packaging materials (glass jars, plastic bottle/containers, plastic bag, etc.).

4) Setting up processing workshops

To be able to start production activities from late August, processing workshops at each pilot CBO were set up in July and August 2008 under the supervision of the sub-contracted NGO, by renovating existing premises which were contributed by members.

The J-CEP contributed basic materials necessary for renovation under supervision of the renovation specialist (sub-contracted NGO). The CBOs contributed labor work and some existing materials, such as lime, painting brush, loam, sand, nails, etc. The necessary tools and equipment for production were also purchased according to their necessity.

The materials were purchased by the CBO members together with the renovation specialist, and were delivered to their workshops as a part of their training for procurement.

Due to the reasons such as power cut, occupation on other works such as farming and family issues, lack of specialists who could deal with special works such as electricity, installation of water system etc., the work was carried out more slowly than planned. However, all workshops were ready by the end of August 2008, and obtained certificates from the relevant state commissions such as Rayon architecture office, sanitary office and fire office to permit their use as processing workshops.

The costs for this renovation work, including purchasing necessary tools and equipment, are in annexed Table 2.6.

At the beginning, each CBO had tried to rent premises from the respective AO, but they decided eventually to use their own premises due to unavailability of appropriate premises.

(4) Production of OVOP Products

1) Products

The OVOP products produced in the 1st cycle pilot CBOs are listed below. Since those are the products which are the least competitive in local market, the target customer was set as tourists. Since CBOs already with experience of producing and selling the products had been selected as pilot CBOs to find and grow as model CBOs, no particular technical training on processing was carried out as part of the project.

Table 2.3.4 OVOP Products Produced in the 1st Cycle CBOs

CBO	2008	2009	2010
CBO Adilet	Barberry jam (Aug-Sep) Sea buckthorn jam (Oct-Dec)	Dandelion jam (Apr) Pine corn jam (May-Jun) Stone berry jam (Jul-Aug) Barberry jam (Aug-Sep)	Dandelion jam (May) Pine corn jam (May-Jun) Pine corn syrup (May-Jun) Stone berry jam (Jul-Aug) Barberry jam (Aug-Sep) Mountain currant jam (Aug) Rosehip jam (Oct) Sea buckthorn jam (Oct-Dec)
CBO Bereke	Barberry jam (Aug-Sep) Sea buckthorn jam (Oct-Dec)	Barberry jam (Aug-Sep) Sea buckthorn jam (Oct-Jan)	Dandelion jam (May) Pine corn jam (May-Jun) Barberry jam (Aug-Sep) Rosehip jam (Oct) Sea buckthorn jam (Oct-Dec)
CBO Shirin	Dried apple, pear, and apricot (Jul-Oct)	Dried apple (Sep-Dec) Dried apricot snack (Aug-Sep)	Dried apple and pears (Aug-Oct) Dried apricot snack (Aug-Sep)
CBO Uzdar	Herbal soap (all year around)	Herbal soap (all year around)	Herbal soap (all year around)

Note: Information in parentheses indicate production/processing period of each product.

2) Budget planning and price setting

a. Budget planning

For the implementation of the plan, workshops for budget planning were conducted in each CBO, and involved reviewing the action plan with the view of profitability. Four to six workshops at each CBO were held depending on the level of understanding. Through the series of workshops, the CBO realized the importance of minimizing cost for production, especially the initial cost, to achieve higher profitability.

Program of Workshop

1. Explanation on some business terms
2. Relationship between sales & profit
3. List up and calculate all necessary costs for the business
4. Calculation of workload & payment for work
5. Price setting method
6. Set the tentative price referring to marketing price
7. Calculate the profit with using the action plan data
8. Analyze the cause of less profitability and reset the price if any
9. Review costs & make several simulations

b. Price setting

The selling prices of products were determined by a cost adding method involving calculation all the necessary costs for producing the products and the initial investment such as renovation of workshop, tools and equipment necessary for their production. Considering the market price of similar kinds of products, CBOs set the price which can cover the costs spent plus some profit which they expect to have.

The target for sales was set as tourists and wealthy locals by stressing their uniqueness as Issyk-Kul Oblast and eco-friendliness. For this purpose, CBOs have used unique and stylish jars and labels in order to add more value to the products and set the price a slightly higher than ordinal products, taking into account the capacity of wealth to purchase those products. The prices of products were set as follows in the first year, and the ones for new varieties of jams in the following years were also set accordingly.

Table 2.3.5 Prices of Products Set by the 1st Cycle CBOs

Products	Planned Quantity (unit)	Minimum price which can cover the costs (KGS)	Set Unit Price (KGS)	Note
(Jergez) Berry Jam				- The price of local jam sold at superior supermarket in capital city: 114KGS/400g, (equivalent to: 64.9KGS/228g, 109.7KGS/380g)
- 228g jar	1,400	45.1	80	
- 385g jar	1,500	76.2	120	- The price of imported jam: 150KGS/340g (100KGS / 228g, 167KGS/ 380g).
(Chonkyzylsuu) Berry Jam				
- 228g jar	800	57.5	80	
- 385g jar	800	95.7	120	
(Saruu) Dried fruits				Price of dried apple in the local market is 20KGS/kg. There is no available quality dried apple in quality packaging.
- 100g package	1,750	23	25	
- 200g package	875	46	50	
(Maman) Herbal soap				- Size of soap will be 70-100g. Planning to set price depending on the weight. - Set a bit lower price than CBO's expectation for marketing purpose.
- 100g	170	92.3	100	

3) Label and packaging

The pilot communities under the J-CEP continuously examined ways to improve the attractiveness of the packaging and labels for their products. For example, the jam producing CBOs used smaller sizes of glass jars which are easier for tourists to carry. The labels were developed with the collaboration of a local designer.

4) Quality control of the products

During the production period, the service provider (sub-contracted NGO) had monitored the production activities twice a month. Visits were made to the workshops to confirm the number of items being produced, make an inventory of glass jars/packaging materials and ingredients such as sugar, and also delivered their products to KSRS, and also delivered those packaging materials and ingredients following the production schedule.

For quality control of berry jam, the J-CEP explained the method for sterilization of glass jars and provided a manual. In the first year, 2008, quite a few defective, moldy, products were found among, mostly, CBO Adilet's products and it was decided to stop its sales through KSRS as IK-Brand. Considering the fact that very limited numbers of defective products were found in CBO Bereke's products, it could be assumed that the problem was due to less care being taken during sterilization in CBO Adilet. Due to this incident, CBO Adilet was unable to sell around 50% of their production. In the second year, 2009, these kinds of quality problems were minimized.

5) Result of production of OVOP products

The plan and result of the production is as below.

Table 2.3.6 Plan and Result of Production of OVOP Products in the 1st Cycle CBOs

CBO	Products	2008		2009				2010		
		Plan	Result	Plan	Result	Plan	Result as for July			
Adilet	Barberry jam (228g)	675kg	0 kg	-	204kg	400units	-	372units	100 jars	-
	Barberry jam (450g)			-	250units	-	66units			
	Sea buckthorn berry jam (228g)	675kg	665kg	1,440units	180.9kg	300units	0kg	-	100 jars	-
	Sea buckthorn berry jam (450g)			749units		250units	0kg	-		
	Dandelion jam (350g)				-	-	-	18units	200 jars	0
	Dandelion jam (450g)				-	-	-	5units		180 jars
	Pine corn jam (350g)				-	-	-	120units	300 jars	251 jars
	Pine corn syrup				-	-	-	-	100 jars	55 jars
	Stone berry jam (228g)				-	-	-	60units	100 jars	-
	Wild currant jam								50 jars	-
	Hawthorn jam								100 jars	-
	Rosehip jam								100 jars	-
	Bereke	Barberry jam (228g)	250kg	294kg	686units	856kg	200units	-	216 jars	2000 jars
Barberry jam (450g)		305units			1800units		-	763 jars		
Sea buckthorn berry jam (228g)		250kg	195kg	184units	400kg	228units	-	268 jars	1000 jars	-
Sea buckthorn berry jam (450g)				340units		772units	-	472 jars		
Dandelion jam									250 jars	252 jars
Pine corn jam									100 jars	129jars
Rosehip jam									250 jars	-
Shirin	Dry apple (50g)	150kg	71.7kg	314units	200kg	-	90kg	252 units	40 kg	-
	Dry apple (100g)			314units		-		227 units		
	Dry apple (150g)			162units		-		3 units		
	Dry pear (50g)	150kg	4kg	83units	50kg	-	0kg	-	24 kg	-
	Apricott snack (20g)	50kg	0kg	-	50kg	-	1000kg	1681units	40 kg	-
Uzdar	Soap	170kg	-		-	-	-	591 pcs	1200 pcs	205 pcs

The differences between planned and actual quantities produced in year 2008 are due to the following major reasons:

- (i) CBO Adilet could not produce barberry jam because of i) early and poor production of barberry fruit due to the climate in their area, and ii) glass jars could not be delivered in time for the unexpected early season,
- (ii) In the case of CBO Bereke, more barberry jam was made than sea-buckthorn jam due to availability of raw materials in their area this year,
- (iii) CBO Shirin could not produce as much as their target, because; i) the productivity of the electronic dryer was low due to frequent power cuts, ii) the construction of the solar dryer as alternative device for drying was delayed, and iii) the number of members decreased for family reasons. In addition, the CBO did not produce dried apricots for sale due to delay in the renovation work, and
- (iv) CBO Uzdar could not reach to their target because of difficulties in obtaining clingstone fruit for extracting apricot seed oil as planned.

Difference in year 2009 is due to the following major reasons:

- (i) CBO Adilet produced several different kinds of jams for trial purposes and conducted market research on them. In addition, the CBO could not produce sea buckthorn jam because of poor production of sea buckthorn berry due to the climate in their area, and difficulty in collection of berries due to lack of members,
- (ii) In case of CBO Bereke, the target amount of both kinds of jam was not achieved due to low productivity. One of the reasons is the barberry season was later than in normal years. This then overlapped with the potato harvest season which is their major source of income, making it difficult to manage both works, and
- (iii) CBO Shirin produced more apricot pastilla than planned, since the result of trial sales went well. The CBO did not produce dried pears due to low harvest which could be utilized for drying. Dried apple is still under production.

(5) Strengthening of Pilot CBOs

1) Structure

By the end of April 2008, all three pilot CBOs formally registered as CBOs at the AO level. The J-CEP recommended that the pilot CBO had the following structure with a managerial unit in order to share responsibilities among several members. It is often observed that when one person takes on all the responsibilities and all activities are controlled by one person, when they are absent activity declines.

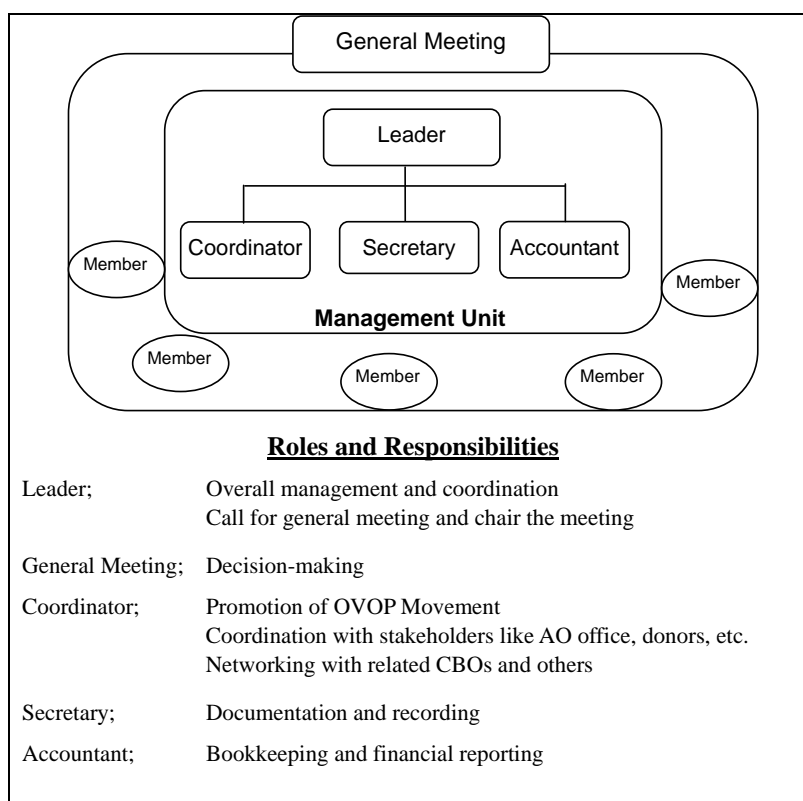


Figure 2.3.5 Organizational Structure of CBO Proposed by the J-CEP

The numbers of each CBO members are shown below.

Table 2.3.7 Number of Members in Each 1st Cycle CBO

Rayon		Ak-suu	Jeti-Oguz	
AO		Keregetash	Svetlaya Poliyana	Saruu
Village		Jergez	Chonkyzylsuu	Saruu
CBO		Adilet	Bereke	Shirin
No. of members	Apr 2008	14 (F7, M7)	8 (F4, M4)	8 (F8)
	Apr 2009	5 (F3, M2)	9 (F5, M4)	5 (F4, M1)
	Jul 2010	3 (F2, M1)	8 (F4, M4)	5 (F4, M1)

Apart from in CBO Bereke, the numbers of members have decreased. The reasons are various but mostly personal reasons, such as a health problem of the member or family members, finding alternative work with better income, or moving out from village, and so on. It seems that there were some cases where some members left the CBOs because of dissatisfaction with the leadership or a misunderstanding among members, but the actual reason is unknown.

Each CBO, especially CBO Adilet, is trying to increase their number of members, and organized a presentation in their village to present their activities in March 2010. Despite this, they could not attract more people to work together.

2) Internal regulation

Internal regulation was developed according to the standard stipulated by the law. Some modifications were made in accordance with features and attributes of each CBO's and formalized at the AO level. Standard articles which were included in internal regulations are as shown below.

Internal Regulation

- General Information
- Aims and objectives
- Membership policy
- Procedure of selection of chairman/leader, and other entitlement
- Organizational structure
- Entitlements and responsibilities of the members
- Membership fee
- Working schedule and conditions
- Resource/finance management
- Procedure of bookkeeping
- Monitoring and supervision
- Dissolution of organization
- List of members

3) Logos of CBOs

Each CBO developed logo of their organization to express their wishes and intension to unite as a group as well as to symbolize their activity.



Figure 2.3.6 Logos of 1st Cycle CBOs

4) Training on record keeping and holding of meetings

The series of training sessions covering the strengthening of organizations were organized, basically on OJT basis. The theme of the meetings/workshops held for the training are as follows:

- (i) Holding regular meetings with all members to share information and discuss issues (recommended at least once a week),
- (ii) Allocating activities among members,
- (iii) Keeping records of the meetings by a secretary (or person in charge) and filing the records,
- (iv) Displaying the rules of the group, action plan, production plan, working record, etc. on the wall of the workshop to enable all members to see, and
- (v) Discussing issues regarding production activities; accounting issues, developing production plan, designing labels and packages, planning of marketing, work allocation, any changes in membership, etc.

5) Accounting management

For these production activities, J-CEP input i) minimum necessary materials for renovation, ii) packaging materials, and iii) basic ingredients (sugar and pectin for jam production) to CBOs, through the sub-contracted NGO.

Considering the lessons learned from other projects, the conditions and rules were explained as below:

- (i) The expenditure regarding these inputs should be recorded as “minus” in the CBOs’ accounting book, for the purpose of realizing that they are “investing” that money for their activities. It is regarded as “credit” from the J-CEP without interest,
- (ii) Sales information, including the sales in their own market route, will be compiled at the KSRS monthly, and should be reported in the accounting meeting which is regularly held on every second Wednesday,
- (iii) In order to secure the operational cost for the next year, 30% of the sales are kept as savings, and 50% could be distributed as the CBO income. The remaining 20% is saved and recorded as repayment to the J-CEP. This “repaid” money could be used for re-investment for their production activities in the following years, and
- (iv) Before starting next production season, CBOs were instructed to remake their action plans, together with financial plan reflecting the lessons learned of the first year. The money kept as savings were used according to this action plan and financial plan.

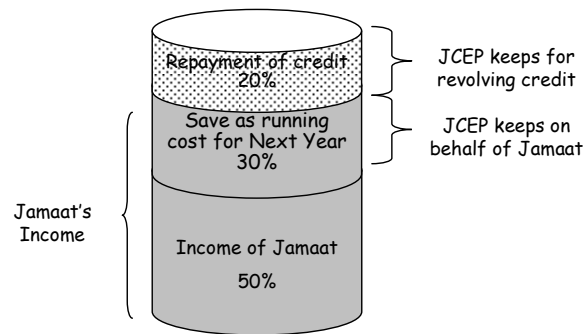


Figure 2.3.7 Sharing System of Proceeds Introduced by J-CEP

In the first year, the 30% of savings as operational cost for the following years and the 20% of revolving credit to the J-CEP were saved in bank account which is managed by the J-CEP. This was in line with the request by the CBOs, and in order to secure their fund without having any confusion and mistake, since it would be kept by themselves after the second year with monitoring by J-CEP which is their practice.

Following this account management system, each CBO received 50% from their sales as income to the CBO’s which was distributed among the members after deducting any common expenses such as tax and transportation fee.

The sales, accounting record and use of the fund were monitored in the monthly accounting meetings held at the J-CEP office.

6) Joint activities among pilot CBOs

Considering the importance of promoting the OVOP Movement with collaboration among the stakeholders, several activities were arranged to raise the awareness of the CBOs to working jointly.

a. Regular meetings

In order to strengthen the capacity of pilot village/CBOs various activities and arrangements were carried out. For the 1st cycle CBOs, rather than providing technical and skills training, the J-CEP concentrated on support for independency of each CBO through monitoring of their activities. The J-CEP encouraged them to pay more attention to the process of problem solving in the team as well as

among the CBOs through the meetings.

Table 2.3.8 Feature of Regular Meeting of 1st Cycle CBOs

Meeting	Major Topics	Participant	Frequency	*Total No. of meetings held
Leader's meeting	<ul style="list-style-type: none"> - Confirmation of progress & events - Share experiences & difficulties and discuss solutions, - Obtain information such as marketing results, tax issues, joint events, etc. 	Leaders	(2008) Twice a month (2009-2010) Once a month	22
Coordinator meeting		Coordinators	(2008) Twice a month (2009-2010) as necessary	26
Accountant meeting	Purpose to consult proper bookkeeping and proper money management.	Accountants	Monthly	22

* As of end of July 2010

b. Study tour

Several study tours were organized by the J-CEP during the 1st year and at the initiative of the CBOs in the 2nd year.

Table 2.3.9 Study Tours Organized for 1st Cycle Pilot CBOs

Date	Objectives	Major sites visited	Participants
22 nd – 24 th April, 2008	<ul style="list-style-type: none"> ◆ Proceed necessary procedure for opening business (Calculate the nutritional value of the product) ◆ Learn from the experienced organization ◆ Learn the negotiation with jar and packaging companies ◆ Market research in supermarket, souvenir shop, and gift shops in Bishkek 	<ul style="list-style-type: none"> ◆ certified body for applying Nutrition Value calculation (Cholpon-ata) ◆ Cooperative “Ai Cam Dan” (Issyk-ata) ◆ Jar company “AIG Service” ◆ Package company “Chetin”, “Tatan” for obtaining information on package sealing machine ◆ Quality Souvenir Shops 	8 members (2 from each CBO)
3 rd – 5 th August, 2009	<ul style="list-style-type: none"> ◆ To investigate possibilities of organizing sales in Cholpon-Ata ◆ To collect information on packaging materials and labels by visiting printing houses in Bishkek ◆ To collect information on jars by visiting jar companies in Bishkek and Tokmok 	<ul style="list-style-type: none"> ◆ Shops in Cholponata: Aidana, Ursus, Dariya, Seyil, Goluboi Issyk-Kul and Ala-Too ◆ Packaging/label materials: Chetin and Iz Basma ◆ Printing company: Continent Plus and Al Salaam ◆ Glass jars: AIG service (Bishkek), Chui glass(Tokmok) 	3 members (one member from each CBO: Adilet, Bereke and Shirin)
20 th October, 2009	<ul style="list-style-type: none"> ◆ CBO Shirin and Adilet members will learn the technology CBO Bereke uses in barberry and sea buckthorn berry jam processing ◆ CBO Shirin and Adilet members will learn how CBO Bereke keep records and implement J-Activities 	<ul style="list-style-type: none"> ◆ CBO Bereke, Chonkyzylsuu Village, Jety-Oguz Rayon 	7 Bereke members and 3 Shirin members

These tours gave the participants opportunities to work as a team with other CBOs as well as to obtain information and skills to be utilized in their production.

c. Participation in the series of events

The pilot CBOs participated in several events to promote the IK-Brand products, and to present their

activities. In each event, the CBOs got together to prepare for the event jointly, rehearsed a presentation in anticipation of making one. Through these joint activities, the CBOs cultivated the solidarity between each other as well as learning how to prepare for participating in such events.

Table 2.3.10 Feature Events Participated by 1st Cycle CBOs

Date	Event	Objectives	Participants
23 rd - 25 th Oct, 2008	Japan Center EXPO (Bishkek) “Design and Modern life based on the Experience of Japan” (by KRJC)	PR, sales, collection of comments	CBO:8 ET:2, KSRS: 2 JOCV:1
29 th Oct - 1 st Nov, 2008	AgroProd EXPO (Bishkek) (by MAWPI and Chamber of Commerce and Industry)	PR, sales, collection of comments	CBO:7 ET:2, KSRS: 2
19 th Dec, 2008	Meeting and presentation toward potential partner guesthouses/hotels in Karakol (OSA) (by J-CEP)	Introduction of J-CEP activities & IK-Brand, discuss possibility of collaboration	GHs/Hotels: 8 CBOs: 4 ET: 8 KSRS: 4
13 th - 14 th , Mar 2009 25 th July, 2009 18 th - 21 st Sept, 2009	Joint wrap up workshop among 1st cycle CBOs CBT festival (Jeti-Oguz) (by Community Based Tourism) AgroProd EXPO (Bishkek) (by MAWPI and Chamber of Commerce and Industry)	Wrap up of the first year activities PR, sales, collection of comments PR, sales, collection of comments	CBO:4 ET: 4 CBO:7 ET:6, KSRS: 5 CBO:12 ET:4, KSRS: 2
17 th Oct, 2009	Rayon Harvest Festival	PR, sales, collection of comments	CBO: 2 KSRS: 3
31 st Nov - 1 st Dec, 2009	At Chabush Festival (Barskoon village, Jeti-Oguz) (by Barskoon AO and a local travel agency with the support of Kyrgyz Ate Foundation, The Chrisensen Fund, Pamir’s Bridges and Embassy of France)	PR, sales, collection of comments	CBO:13 ET:5, KSRS: 11
4 th Dec, 2009	Joint Seminar (OSA) (by J-CEP)	Presentation of progress of pilot projects, discussion on sustainable regional development with OVOP Movement	44 participants
11 th Mar, 2010	OVOP Movement Promotion Workshop (Talas) (by JICA Bishkek Office)	Presentation of CBO activities	CBO: 3 KSRS: 1
21 st Mar, 2010	PR campaign during Nooruz holiday	PR, sales, collection of comments	CBO:3 ET:1, KSRS: 4
19 th May, 2010	Summer product presentation (OSA)	Presentation of summer products and approval as IK-Brand	41 participants
30 th Apr - 2 nd May, 2010	12 th International Exhibition Fair, “Kyrgyzstan 2010”	PR, sales, collection of comments	CBO:4 ET:2, KSRS: 5
29 th May, 2010	12 th Issyk-Kul Tourism Fair	PR, networking with potential business partners, sales, collection of comments	CBO:5 ET:2, KSRS: 3

2.3.4 Implementation of 2nd Cycle Pilot Project

(1) Selection of Potential Products and Pilot Communities

Learning from the selection methodology used for 1st cycle pilot project, the methodology of selection was changed for the purpose of i) finding enthusiastic and positive groups to work for the OVOP

Movement, not only those interested in receiving external support for improvement of their livelihood, considering the remained time of the project, and ii) seeking a more simplified method for the OSA/Rayon/AO to be able to take over after completion of the project.

Potential pilot villages/communities for the 2nd cycle were selected according to the following procedure. The selection process took around two months between October and the end of December 2008.

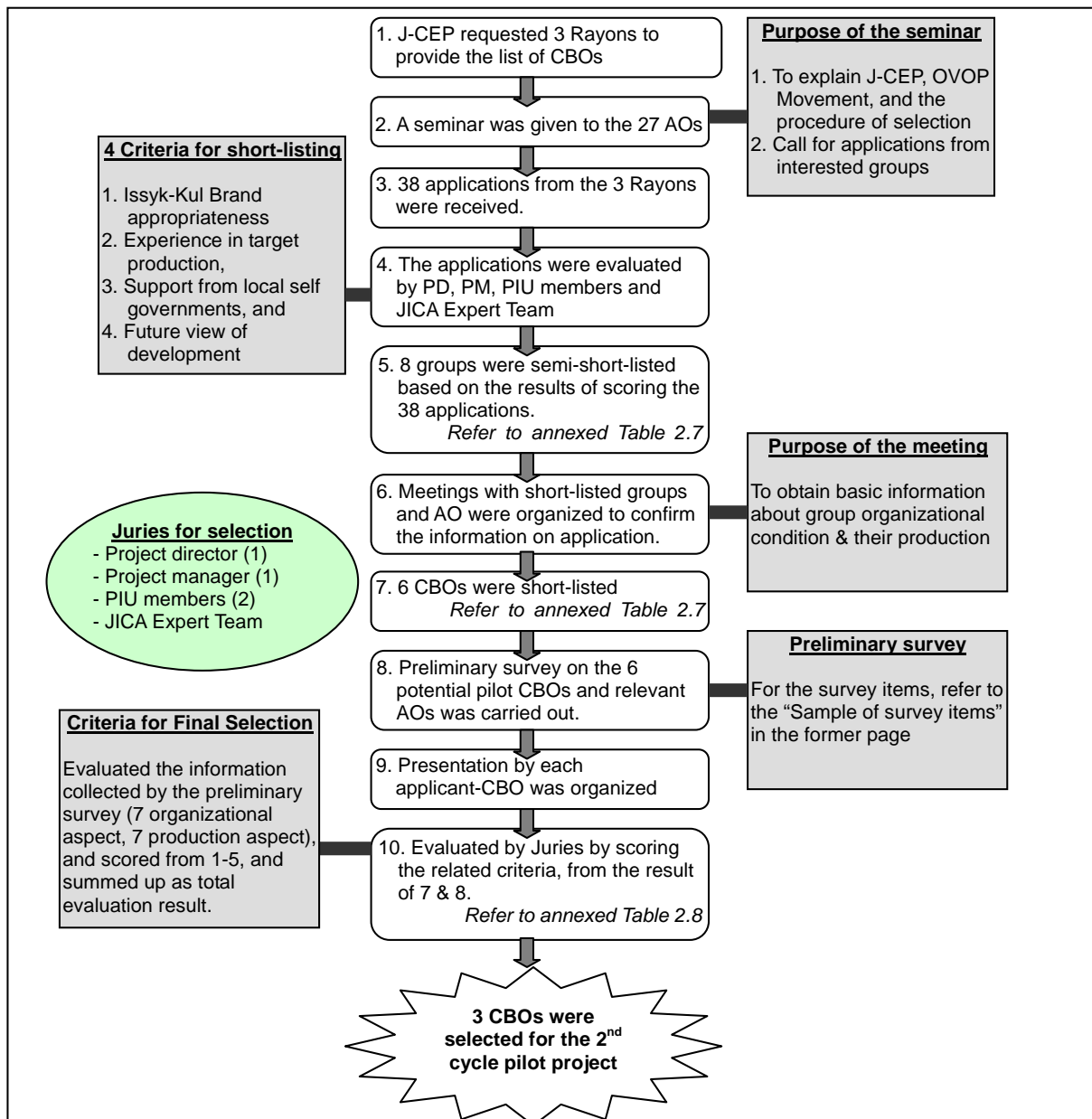





Figure 2.3.8 Selection Process of 2nd Cycle Pilot CBOs

In the end, the following three CBOs were selected for 2nd cycle pilot CBOs.

Table 2.3.11 Characteristics of 2nd Cycle Pilot CBOs

<p>AK SHOOLA Wool/Felt Handicraft</p> 	<p>Tasma Village, Karasaev Aiyl Okrug, Tup Rayon Registered as a CBO in 2003 8 Members (7F and 1M), Not family oriented Structure: Leader and Members No system for regular meetings and record keeping Facility: Processing Workshop provided by AO Equipment: Wool processing machine available</p>
<p>ONOR BULAGY Wool/Felt Handicraft</p> 	<p>Barskoon Village, Barskoon Aiyl Okrug, Jeti-Oguz Rayon Registered as CBO in 2005 8 Members (5F and 3M), Family and friend oriented Structure: Leader, Secretary, Accountant, Marketing, Designer, Members No system for regular meetings, some experience of record keeping Facility: Processing Workshop provided by AO Equipment: Wool processing machine is not available</p>
<p>ERBOL Wool/Felt Handicraft</p> 	<p>Tosor Village, Tamga Aiyl Okrug, Jeti-Oguz Rayon Registered as Workshop in 2007 14 Members (9F and 5M), Family oriented Structure: No official structure No system for regular meetings, some experience of record keeping Facility: Processing Workshop provided by AO Equipment: Wool processing machine available</p>

(2) Preparation for Production

1) Market research on potential products

Market research on potential OVOP products was conducted from November to December 2008, by visiting local producers in Karakol, felt manufactures who also function as retailers in Tokmok and Osh Bazaar and retailers of felt handicrafts in Karakol and Bishkek. The information gathered during the survey was as follows:

- Availability of felt,
- Price of felt and other materials,
- Felt handicrafts production, and
- Potential for development of new type of felt made souvenirs,

2) Setting up processing workshops

To be able to start production activities as soon as possible, processing workshops at each CBO were prepared from June 2009 under supervision of the sub-contracted NGO. This was achieved by renovating existing premises which were rented by AOs free of charge. Compared with the premises for processing edible products, there are no strict regulations regarding the premises in case of workshops for handicrafts.

The J-CEP contributed minimum materials necessary for renovation under supervision of the renovation specialist, the sub-contracted NGO, and the CBOs contributed labor and some existing materials, such as lime, paint brushes, loam, sand, nails, etc. Necessary tools and equipment for production were also purchased as necessary. Those materials were purchased together with the renovation specialist and CBO members, and delivered to their workshops as a part of their training for procurement. The cost spent for this renovation work, including purchasing necessary tools and

equipment is in annexed Table 2.9.

In case of CBO Ak Shoola, the AO supported the CBO by providing necessary materials for renovation such as metallic furnace, the costs necessary for electric connection, etc., which was equivalent to around 12,500 KGS.

CBO Ak Shoola and CBO Onor Bulagy worked according to the schedule, and at their own initiative started earlier and thereby completed the work by the beginning of August. On the other hand, CBO Erbol did not complete their renovation work. After renovating some part of their workshop with their own materials they were not able to continue due to unavailability of human resources, unwillingness to continue and other internal problems.

3) Technical trainings

To improve the quality of the products, several technical training sessions were provided to the CBOs. The first and second technical training were carried out under arrangement of the sub-contracted NGO.

a. First technical training session

Objective:	To train the handicraft CBOs in the technology of quality wool processing, and felt products making and marketing
Date:	July 7 th - 8 th , 2009 (2 days)
Venue:	CBO Ak Shoola leader's yard in Tasma village
Participants:	15 participants (5 members from each CBO)
Trainers:	One felt making specialist, one marketing specialist from CACSA RC (Central Asia Craft Support Association Regional Centre)
Program:	<ul style="list-style-type: none"> ✓ efficient method of sorting and cleaning wool, ✓ making different thickness of felt by hand depending on the purposes, ✓ lecture on marketing of felt products, and ✓ comments on the present CBOs' products for improvement.

b. Second technical training session

Objective:	To train the handicraft CBOs in embroidery technique to improve quality of their felt products applicable to the market requirements
Date:	August 18 th - 20 th , 2009 (3 days)
Venue:	Altynbek guest house, Karakol
Participants:	11 participants (Ak Shoola: 4, Erbol: 3, Onor Bulagy: 4)
Trainers:	One embroidery specialist from CACSA RC
Program:	<ul style="list-style-type: none"> ✓ various traditional embroidery technologies which exist in Kyrgyz including the ones which are not inherited these days, ✓ how to match colors of threads in embroidering, ✓ meaning of patterns in products, and ✓ the steps to follow from preparation, designing to production.

c. Third technical training (23rd - 24th July 2010)

Objective:	To train the handicraft CBOs in techniques of dyeing using natural plants and chemical materials
Date:	July 23 rd -24 th , 2010 (2 days)
Venue:	"Green Yard" Guest house, Karakol
Participants:	11 participants (Ak Shoola: 6 members, Onor Bulagy: 5 members)
Trainers:	One dyeing specialist from CACSA RC
Program:	<ul style="list-style-type: none"> ✓ meaning of dyes colored by natural plants, ✓ technology of collection of herbs, barks, roots and leaves for preparation of dyeing materials, ✓ practical work sessions (wool, silk and cotton dyeing, natural dyes, chemical dyes), ✓ comparative analyses of chemical dyes, different technologies of wool dyeing using chemical dyes and places for purchasing, and ✓ color palette out of main colors.

d. Technical training by Japanese short-term expert (design specialist)

Individual technical training for each CBO was conducted by the Japanese short-term expert who was a design specialist. The training took place over 23 days in September and a month in March-April.

The expert visited each CBO 4-5 times to give the series of training sessions. The contents of the training sessions were;

- i) how to characterize the OVOP products of CBOs as IK-Brand,
- ii) how to diversify the products, especially in terms of color variation,
- iii) introduction of new technology using felting needle,
- iv) proposing the idea of new products, and
- v) instruction to improve the existing products.

As a result of the training CBO Ak Shoola and CBO Onor Bulagy tried to improve their products. They made several samples and carried out trial marketing during the AgroProd EXPO held during 18th to 21st of September 2009 in Bishkek. During the EXPO, the CBOs could understand the marketability by seeing the result of sales as well as from hearing the comments of customers.

As for CBO Erbol, the expert conducted the same trainings sessions in way of matching to their speed, however, the CBO could not make even sample.

(3) Production of OVOP Products

1) Products

The OVOP products produced in the 2nd cycle pilot CBOs are all felt/wool souvenirs. Since there are already many felt products in the Kyrgyz souvenir market, the CBO was advised to produce something of high quality and unique representative of the Issyk-Kul image.

2) Production steps

In order to produce high quality felt products for which there would be a demand and which matched the needs of markets, the CBOs carried out trials to develop the design and a variety of products before launching the products as IK-Brand.

Table 2.3.12 Production and Marketing Plans of 2nd Cycle CBOs

Year	2009											2010									
Month	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	July	Aug	Sep	
Marketing category						Trial summer marketing						Winter marketing					Summer marketing				
Production	1st samples	2nd samples				Products for trial summer marketing				Samples for winter marketing				Samples for summer marketing				Products for summer marketing			
Presentation & Evaluation		☆ 25 Mar			☆ mid of June					☆ 6 Nov						☆ 19 May					

Considering that the major sales target is tourists, the marketing category is set according to the summer and winter tourism seasons. Some of the products sold in summer seasons/winter seasons were continuously produced depending on the demand in the markets. During the sale, comments from customers were collected to be able to understand the market demand and so continuously modify

their products.

3) Evaluation as IK-Brand products

The OVOP products produced by the CBOs were evaluated in the PIU meeting for approval as IK-Brand products. The criteria for evaluation as OVOP products for handicraft were set as below.

- Representing Issyk-Kul Image (ecological, beautiful nature, etc.),
- High quality to be able to encourage pride in the IK-Brand, and
- Handy size which is convenient for tourists (since the priority target of sales is tourists).

a. First evaluation: June 2009

In the 1st evaluation held in June, four kinds of products from CBO Onor Bulagy, two varieties of wall ornament and two varieties of felt-ball necklace with petrography embroidery, were approved as potential IK-Brand by the PIU and JICA Expert Team. Comments to improve the products were given to other CBOs. After that, the evaluation was held repeatedly with refer to the progress of production.

b. Second evaluation: 6th November, 2009

The categories with products for winter marketing were presented in the presentation held on 6th of November with about 30 participants. These were from the AO, the 1st cycle CBOs, the tourism sector, partner guest houses and the IK-OSA including PD and PIU members. The participants were requested to fill comment sheets by categories. Though many comments and recommendations for the products were given by the participants, all categories were approved as IK-Brand products. The comments were also written in the evaluation sheets and given to CBOs as an aid to future improvement.

c. Third evaluation: 19th May, 2010

The categories with products for spring-summer marketing were presented in the presentation held on 19th of May with about 40 participants from the AO, 1st cycle CBOs, the tourism sector, the university, partner guest houses and Oblast State Administration including PD and PIU members. The participants were requested to fill in the comment sheet on products. All categories were approved as IK-Brand products but with some comments and advice for improvement. The comments were also written in the evaluation sheets and given to CBOs to assist with future improvement.

4) Calculation of cost and price setting

On the implementation of the plan, a workshop for calculation of cost and profit was conducted in each CBO in order to review the action plan in view of profitability. Through the series of workshops, the CBO appreciated the importance of minimizing the cost of production, especially the initial cost, to achieve higher profitability.

Unlike edible products, the value of handicraft products should be evaluated not only by the quality of raw materials and labor costs, but also by considering the aesthetic values such as design, preciseness of work and creativity.

The price of the products was set by the cost adding method by calculating all necessary production costs. Considering also the market price of similar kinds of products, CBOs set the price which would cover the costs spent plus an element of profit which they would expect to have.

The target for sales of the products was set as tourists and wealthy locals by exploiting the high of quality, the uniqueness of Issyk-Kul Oblast and eco-friendliness.

Table 2.3.13 Prices of Products Set by 2nd Cycle CBOs

Producer	Category	Feature	Price (KGS)
CBO Ak Shoola Tasma village	Scarf	Net design, bird nest image with pockets, cotton scarf with wool edge, etc.	300
	Wrist warmer	Natural colors, without thumb part	250
	Gloves	Natural colors	300
	Bag	Bird nest shape bag, Bird nest shape rucksack, shoulder bag, etc.	580-630
	Slipper	With heal	500
		Without heal	400
	Bird nest souvenir	Strap and broche of the design of penduline tit bird with its nest	50
	Cosmetic pouch	Round pouch with the image of bird nest	150
Mobile case	Natural colors, image of bird nest	75-80	
CBO Onor Bulagy Barskoon village	Wall ornament	Square with petrography pattern	350
		Jeti-Oguz design	200-350
		Round with Barskoon map embroidery (3 in 1 set)	380
	Stone shape key holder with petrography design	60-75	
	Felt ball necklace	Variations of different number of felt balls, colors, design of petrography, etc.	170-185
	Bag	With petrography design	430
	Yurt souvenir	Small yurt for decoration	70-90

5) Label and packaging

The pilot communities under the J-CEP continuously examined ways to improve the attractiveness of packaging and labels for their products. The labels were developed with the collaboration of a local designer. In the case of labels for felt products, the CBOs included information about the features of their design to gain the attention of customers.

6) Quality control

During the production period the service provider, the sub-contracted NGO, has monitored production activities twice a month, by visiting their workshops to confirm the number of items produced, an inventory of products, and the number delivered to KSRS.

7) Result of production

The following numbers of products were made for sale, in addition to trial products between July 2009 and middle of July 2010. The numbers below table shows those products taken KSRS for marketing.

Table 2.3.14 Production Record of 2nd Cycle CBOs

Producer	Items	Quantity (units)
CBO Ak Shoola Tasma village	30 varieties of products: slippers, bags, scarves, bird-nest mascots, gloves, wrist warmers, etc. with different colors, design and size	595
CBO Onor Bulagy, Barskoon village	42 varieties of products: wall ornament, felt beads necklace, key holders, bags, mobile cases, camera cases, yurt ornaments, etc. with different colors, design and size	879
CBO Erbol, Tosor village	5 kinds of products: coaster and tea pot cover sets, cup cases, etc. with different embroideries and colors	5

(4) Strengthening of Pilot CBOs

1) Structure

By the beginning of January 2009, all three pilot CBOs formally registered as CBOs at the AO level.

Based on the 1st cycle experiences, the same structure was introduced and the roles and responsibilities were explained. The 2nd cycle pilot CBOs adapted the structure and selected each role as same as that in the 1st cycle CBOs (refer to Figure 2.3.5).

The numbers of members of each CBO are shown below.

Table 2.3.15 Number of Members in Each 2nd Cycle CBOs

Rayon		Tup	Jeti-Oguz	
AO		Karasaev	Barskoon	Tamga
Village		Tasma	Barskoon	Tosor
CBO		Ak shoola	Onor Bulagy	Erbol
No. of members	Jan 2009	8 (F7, M1)	8 (F5, M3)	14 (F9, M5)
	Dec 2009	8 (F7, M1)	4 (F4)	6 (F4, M2)
	Jul 2010	8 (F7, M1)	5 (F5)	6 (F4, M2)

The CBO Ak Shoola maintains a good balance of membership in terms of good leadership and work allocation, while CBO Onor Bulagy struggles to keep the attention of the members. The reasons of leaving the membership of the CBO Onor Bulagy are various but mostly are personal reasons, such as health problem of her/himself or family members, finding alternative work with better income, etc.

The CBO Onor Bulagy has been trying to increase the numbers of members by inviting people with interests to teach some technologies, receiving students from the vocational school in the village (from March 2010), and so on. However, they could not attract more people to work together.

In case of the CBO Erbol, the members of which are family oriented, it was observed that management of the CBO became difficult due to power balance among family members.

2) Internal regulation

Internal regulation was developed according to the standard stipulated by the law with some modifications in accordance with each CBO's features and attributes. (refer to the Section 2.3.3 (5 2)).

3) Logos of CBOs

As same as the 1st Cycle CBOs, each CBO developed their logo, symbolizing the image of their organization.



Figure 2.3.9 Logos of 2nd Cycle CBOs

4) Training sessions on record keeping and holding meetings

The series of training sessions regarding strengthening of organizations were organized based on the OJT procedures, the same as 1st cycle CBOs (refer to the Section 2.3.3 (5 3)).

5) Accounting management

For the production activities, the J-CEP input was i) minimum necessary materials for renovation, ii) packaging/label materials, and iii) basic tools and materials for production to CBOs, through the sub-contracted NGO. The same accounting management method was also applied for the 2nd cycle pilot CBOs as well.

Since the CBOs need cash for purchasing materials to maintain continuity of production, 30% of sales should be kept for its purpose, and the 20% of revolving credit to J-CEP were saved in a bank account which is managed by the J-CEP.

The sales, accounting records and use of the fund were monitored in monthly accounting meetings held at the J-CEP office.

6) Joint activities among pilot CBOs

Considering the importance of promoting the OVOP Movement with collaboration among stakeholders, several activities were arranged to raise the awareness of CBOs of working jointly.

a. Regular meeting

Because the 2nd cycle CBOs had more experience of working as groups and also the inconvenience of the distances to be traveled to get together frequently in Karakol, only the accounting meetings were held jointly.

Table 2.3.16 Features of 2nd Cycle CBOs' Regular Meeting

Meeting	Major Topics	Participant	Frequency	*Total No. of meetings held
Accounting meeting	Purpose: to consult proper bookkeeping and proper money management.	Accountants	Monthly (Oct 2009-present)	10

* As of end of July 2010

b. Study tour

Several study tours were organized by the J-CEP for the purpose of obtaining information for the improvement of their products as well as building networking among the CBOs.

Table 2.3.17 Study Tours Organized for 2nd Cycle Pilot CBOs

Date	Objectives	Major sites visited	Participants
5 th - 7 th March, 2009	<ul style="list-style-type: none"> ◆ To learn felt workshop management and marketing from experienced organizations (including quality control, arrangement of workshop, etc.) ◆ To know the global standard quality souvenirs, through visiting EXPO, learning standard of CACSA, and making market research in souvenir shops ◆ To learn the possibilities of packages, labels, and way of making order to printing company 	<ul style="list-style-type: none"> ◆ Felt Art Expo "Orchid", organized by designer "AIDAI" (Bishkek) ◆ Printing company "Jagur", "Co-Grafic" (Bishkek) ◆ CACSA RC (Bishkek) ◆ Quality felt art group, "Tumar" ◆ Quality felt souvenir shops (Tasiana, Tumar, etc.) ◆ Felt workshop, "Felt Art Studio", "Altyn Oimok" (Bokonvaevo) 	6 members (2 from each CBO)
9 th August, 2009	<ul style="list-style-type: none"> ◆ To learn quality handicrafts made by 100 craft masters from Central Asia, Russia and India. ◆ To collect any information about materials, design, new technologies, good materials, etc. 	◆ 4 th International Festival on Culture Dialogue" by CACSA and Ministry of culture with support of Issyk-Kul RSA (Cholponata)	11 members from 3 CBOs

Date	Objectives	Major sites visited	Participants
12 th - 13 th February, 2010	◆ To observe and examine the possibility of participating in future CACSA organized handicraft fair	◆ Handicraft fair organized by CACSA (Karavan centre, Bishkek)	5 members from 3 CBOs

c. Participation in the series of events

The pilot CBOs participated in several events to promote IK-Brand products, and to present their activities. In each event, the CBOs got together to prepare for the event jointly, rehearsed a presentation in anticipation of the need to make one. Through these joint activities, the CBOs cultivated solidarity among each other as well as learning how to prepare for participation in those events.

Table 2.3.18 Feature Events Participated by 2nd Cycle CBOs

Date	Event	Objectives	Participants
25 th Mar, 2009	Presentation of sample products	Presentation of first samples products to receive comments	41 participants
25 th July, 2009	CBT festival (Jeti-Oguz) (by Community Based Tourism)	PR, sales, collection of comments	CBO: 7 ET: 6, KSRS: 5
18 th - 21 st Sept, 2009	AgroProd EXPO (Bishkek) (by MAWPI and Chamber of Commerce and Industry)	PR, sales, collection of comments	CBO: 12 ET: 4 KSRS: 2
31 st Nov - 1 st Dec, 2009	At Chabush Festival (Barskoon village, Jeti-Oguz) (by Barskoon AO and a local travel agency with the support of Kyrgyz Ate Foundation, The Chrisensen Fund, Pamir's Bridges and Embassy of France)	PR, sales, collection of comments	CBO: 13 ET: 5 KSRS: 11
5 th Nov, 2009	Presentation of sample products	Presentation of winter marketing products and approval as IK-Brand	39 participants
4 th Dec, 2009	Joint Seminar (OSA) (by J-CEP)	Presentation of progress of pilot projects, discussion on sustainable regional development with OVOP Movement	44 participants
11 th Mar, 2010	OVOP Movement Promotion Workshop (Talas) (by JICA Bishkek Office)	Presentation of CBO activities	CBO: 3 KSRS: 1
21 st Mar, 2010	PR campaign during Nooruz holiday	PR, sales, collection of comments	CBO:3 ET:1, KSRS: 4
19 th May, 2010	Summer product presentation (OSA)	Presentation of summer marketing products and approval as IK-Brand	41 participants
30 th Apr - 2 nd May, 2010	12 th International Exhibition Fair, "Kyrgyzstan 2010"	PR, sales, collection of comments	CBO:4 ET:2, KSRS: 5
29 th May, 2010	12 th Issyk-Kul Tourism Fair	PR, networking with potential business partners, sales, collection of comments	CBO:5 ET:2, KSRS: 3

2.3.5 PR and Marketing of OVOP Products

(1) Karakol Student Research Shop (KSRS)

1) Operation of the KSRS

The KSRS was operated, together with the student volunteers, by the KSRS Assistant Manager and the OVOP Service Provider who was in charge of delivery of products and PR of OVOP products. There

were approximately 10 volunteers on average who worked on KSRS activities, the total number of which was more than 50 as of the end of June, 2010.

According to the agreement between OSA and the University, the rental of the premises was free of charge. For maintenance of the KSRS, 100KGS have been paid monthly by those local small enterprises who have displayed and sold the products in KSRS. In addition to that, from the beginning of January 2010, it was agreed that the CBOs and local producers would pay the monthly electricity charge due to increase of the electricity cost (100KGS per CBO).

2) Function of the KSRS

The function of KSRS was;

- (i) Introducing, promotion, and sales of OVOP products,
- (ii) Conducting customer surveys on products,
- (iii) Connecting producers and markets,
- (iv) Managing sales, stock inventories, information about visitors, and
- (v) Training student volunteers as important participants of the OVOP Movement.

a. Introduction, promotion and sales of OVOP products

Potential OVOP products, not only from the pilot CBOs, but also from local small enterprises included honey, fruit juice, and felt souvenirs. These were presented and sold in the KSRS, as a boost to Issyk-Kul OVOP products. The KSRS staff prepared PR material to display in the shop showing information about the producers, the OVOP Movement as well as the products. The student volunteers explained about the products, and provided tasting for customers at the KSRS. In addition to normal promotion activities at the shop, the KSRS staff assisted CBOs to participate in marketing events such as EXPO and Fairs.

b. Conducting customer surveys on products

On behalf of the CBOs the KSRS has been carrying out customer interview surveys by questionnaire, providing tasting for the customers to get comments on the products. The results of sales and comments received were fed back to the producers monthly at accounting meetings to improve the products as well as an understanding of the market.

Some examples of the comments given by customers are as follows.

Table 2.3.19 Examples of Customers' Comments on the OVOP Products

Products	Major questions asked to customers	Major Comments
Jam	taste and color size design and contents of label, price	For local customers, the price is high and the size is small The labels have enough information but the letters are too small Wonderful to know that such unique jams are available
Dried fruit		Too small quantity for the such small package Better to improve the package The sizes of dried apple should be sorted out
Soap	size design and contents of label, price	Better to use transparent package through which soap can be seen Better to highlight apricot oil as one of the major ingredients
Felt products	What do you like of the product? Comments on products which they are unlikely to purchase	Practical things such as bags, wrist warmers gloves, slippers and so on were preferred to ornaments More local residents have an interest in wall ornaments which represent the Kyrgyz image

Products	Major questions asked to customers	Major Comments
	Comments on design, size, quality, price, What kind of souvenirs would you like to have from Issyk-Kul?	To have variations in terms of size and color combination to be able to respond to the needs of wider customers As for bags or cases, it is recommended that the purpose of its use should be carefully considered and should be made for its purpose

c. Connecting producers and markets

Various possibilities for networking producers and markets have been examined and their effectiveness assessed. The most successful example is that with partner guesthouses and hotels in Karakol. The partner guesthouses collaborated with CBOs in the sale of the products, collecting customer's comments, and participating in a presentation by the CBOs for approval of the products as OVOP.

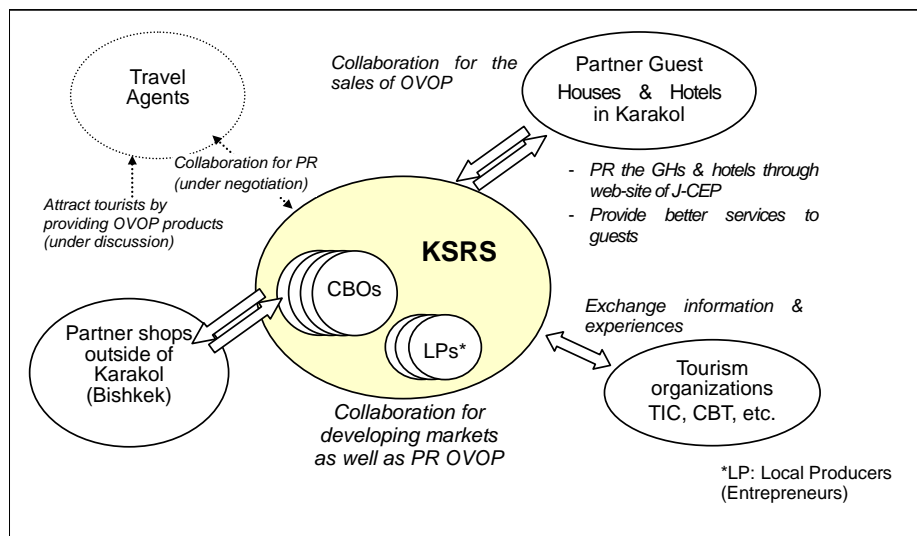


Figure 2.3 10 KSRS Network for Marketing and PR of OVOP Products

d. Managing sales, stock inventories, information about visitors

Student volunteers, with the supervision of the Assistant Manager, managed all records regarding sales, stock inventories and information about visitors. It was reported monthly to the J-CEP and shared in the CBO accounting meetings. Information about stock at partner guesthouses and other markets were collected at the KSRS and orders were given to producers.

According to the results of visitor's record, a total of around 1,880 people visited the KSRS during the period from its opening up to the end of July 2010. The majority of them were from Europe and local people.

e. Training student volunteers as important participants in the OVOP Movement

Student volunteers, who were recruited based on applications and results of interviews, run the KSRS under the supervision of the J-CEP with assistance of the subcontracted NGO. Prior to recruitment an explanatory presentation was given to the interested students of the Issyk-Kul State University in co-operation with the university administration.

Before the opening of the KSRS in July 2008, a training course of ten sessions was given to the first group of student volunteers to give them a better understanding of the J-CEP, OVOP Movement and the roles of KSRS. On the Job Training to practice customer services, marketing research,

bookkeeping, inventory, PR and English was continued at the temporarily opened shop until the official opening of the shop. After recruitment of the first group, student volunteers have been received following interviewing continuously through the year.

Besides regular routine work at the shop, the volunteers organized several activities in order to involve their peers in community empowerment with the OVOP Movement as below:

- (i) Presentation on the KSRS activities to other students and teachers at the university (10th December, 2008). A song and dance “The Number One Shop” was prepared and performed by the volunteers during the presentation,
- (ii) Publishing a newspaper called “PI-ONE-R (pioneer).” Ten issues in total have been produced between May 2009 and Jun 2010,
- (iii) Green zone Karakol project; to unite and motivate youth by carrying out social activities to keep Karakol city clean; collection of tetra packages for recycling (Feb 2010),
- (iv) Hanysham project; to make special packaging for felt ball necklaces at the KSRS, utilizing paper made in the green zone Karakol project, as special promotion for the gift for International Women’s Day (Mar 2010),
- (v) Visiting orphanage “Umut” and arranging an amusing event for the children (Apr 2010), and,
- (vi) Seasonal events, such as Christmas, beginning of New Year, Soldiers Day, Women’s Day, etc.

The KSRS has become a center for youths to gather to discuss and practice implementation of their ideas for community empowerment.

(2) Marketing and PR

Taking into consideration the features of the OVOP Movement as well as the limited volume of production, the sales of OVOP products focused on niche marketing targeting at the wealthy strata. On the whole, the CBOs had focused on the following markets for sales and carried out market research to obtain feedback from customers. Apart from individual sales, there were other marketing opportunities during the project as presented in the following table.

Table 2.3.20 Major Market/Client of OVOP Products

Period/Date	Market
Major Market/ Client	
Sep 2008- present	The Karakol Student Research Shop (KSRS)
Dec 2008- present	Partner guest houses / hotels in Karakol
Jan 2010- present	Imperia Souvenir (Bishkek company which owns 6 souvenir shops in Bishkek)
Participation in PR & Sales Events	
13 th Sept, 2008	Japan Bon Festival
23 rd - 25 th Oct, 2008	Japan Center EXPO (Bishkek) “Design and Modern life based on the Experience of Japan”
29 th Oct - 1 st Nov, 2008	AgroProd EXPO (Bishkek) By MAWPI and Chamber of Commerce and Industry
25 th July, 2009	CBT festival (Jeti-Oguz) By CBT (community based tourism)
18 th - 21 st Sept, 2009	AgroProd EXPO (Bishkek) By MAWPI and Chamber of Commerce and Industry
31 st Aug, 2009	Apricot Festival (Ak-Terek village, Jeti-Oguz) By JOCV

Period/Date	Market
25 th Sept, 2009	70's Anniversary of Issyk-Kul oblast administration (Karakol)
17 th Oct, 2009	Rayon Harvest festival (by Ak-Suu and Jeti-Oguz Rayons)
31 st Nov - 1 st Dec, 2009	At Chabush Festival (Barskoon village, Jeti-Oguz)
11 th Dec, 2009	140 years Anniversary of Karakol city (Karakol)
6 th Feb, 2010	PR Campaign at Ski base in Karakol
21 st Mar, 2010	PR campaign during Nooruz holiday
30 th Apr - 2 nd May, 2010	12 th International Exhibition Fair, "Kyrgyzstan 2010"
29 th May, 2010	12 th Issyk-Kul Tourism Fair

The KSRS undertook the role of marketing agent, holding stock and keeping records of sales for other markets such as EXPO, guest houses and so on.

In the AgroProd EXPO in 2008 and 2009, IK-Brand products were given an award of Excellence. In 2008, the IK-Brand was invited to be present at the Berlin Agro product EXPO in January 2009 by the organizer. Due to the financial difficulty, the IK-OSA could not participate to the EXPO in Berlin, however, IK-Brand products were taken and presented by MAWPI.

(3) Sales Result

1) Total sales of OVOP products

Total amount of sales performed by the pilot CBOs, in which the partner CBO (CBO Uzdar) was included, were 752,759 KGS as shown in Table 2.3.21. The sales figures of the 1st and 2nd cycle CBOs reached 568,564 KGS during 23 months of sales period from September 2008 to July 2010, and 184,195 KGS during 13 months from July 2009 to July 2010, respectively.

Table 2.3.21 Total Sales of Pilot CBOs during Project Period

Name of CBO	Total Sales (KGS)	% distribution
1st Cycle CBO (23 months from Sep. 2008 to Jul. 2010)		
Jergez (Adilet)	168,815	30%
Chonkyzylsuu (Bereke)	276,020	49%
Saruu (Shirin)	49,830	9%
Maman (Uzdar; Partner CBO)	73,899	13%
Sub-total	568,564	100%
2nd Cycle CBO (13 months from Jul. 2009 to Jul. 2010)		
Tasma (Ak Shoola)	124,325	67%
Barskoon (Onor Bulagy)	58,600	32%
Tosor (Erbol)	1,270	1%
Sub-total	184,195	100%
Total	752,759	-

2) Monthly basis

The sales results of each CBO are as follows. The sales of edible products, especially jams, were more popular among local, CIS and Russian customers, while felt/wool products were popular among European tourists.

So by season, since the local, CIS and Russian customers visit Karakol in winter for skiing, the sales of edible products at partner guest houses/hotels were higher in winter time, while more felt products were sold in summer when the European tourists visit.

In the month in which the CBOs participated in sales and PR events, the sales are accordingly higher.

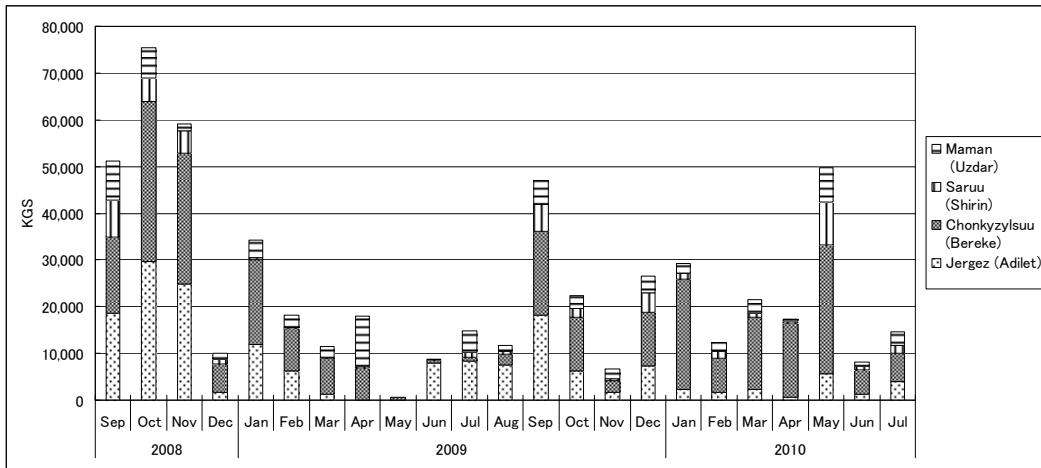


Figure 2.3.11 Monthly Sales Result of 1st Cycle CBOs (September 2008- July 2010)

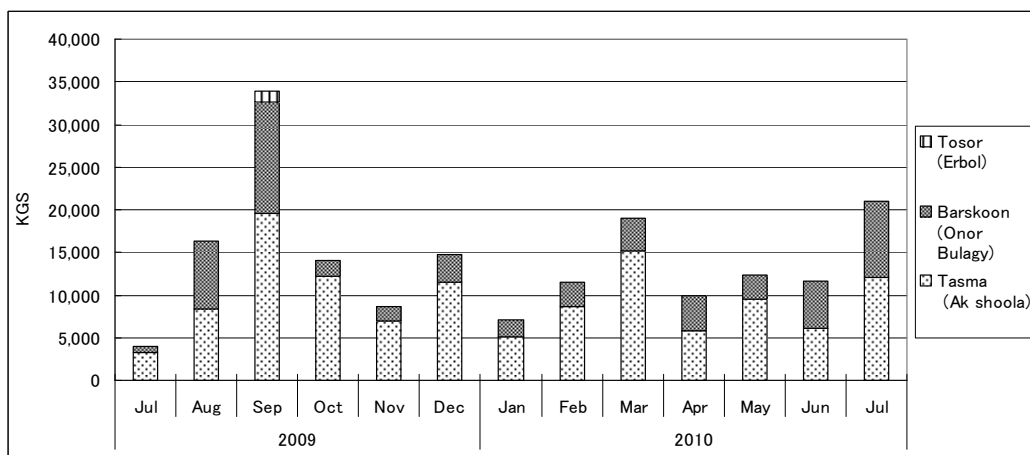


Figure 2.3.12 Monthly Sales Result of 2nd Cycle CBOs (July 2009- July 2010)

3) Major markets

The major markets for the IK-Brand products were the KSRS, partner guest houses, participation in EXPO and fairs, and CBO’s own sales. Observing the changes of major markets of the 1st cycle CBOs from 1st year (September 2008 - August 2009) to 2nd year (September 2009 - July 2010) as shown in the following table, the portion of sales by CBO’s own market increased from 9% to 22 % in response to their own efforts. This tendency mainly reflects the characteristics of CBO Chonkyzylsuu which regularly sold the products in Bishkek through their own route. Sales at partner guest houses also increased. On the contrary, the sale of KSRS decreased though it was still the biggest market.

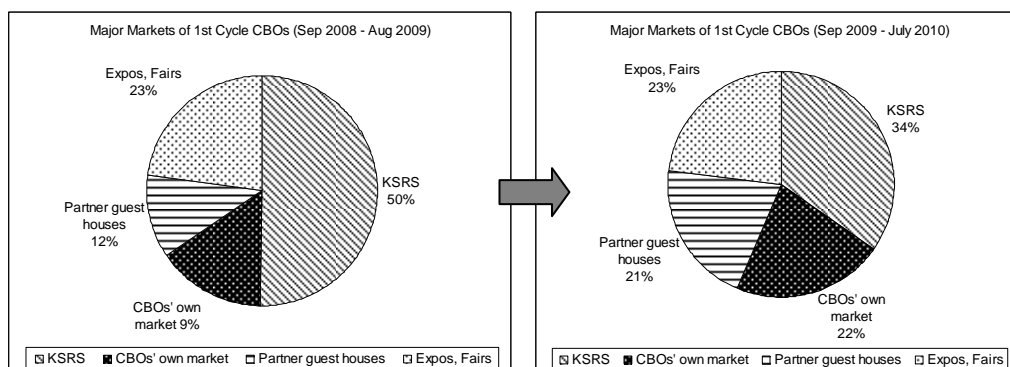


Figure 2.3.13 Sales of 1st Cycle IK-Brand Products by Major Markets

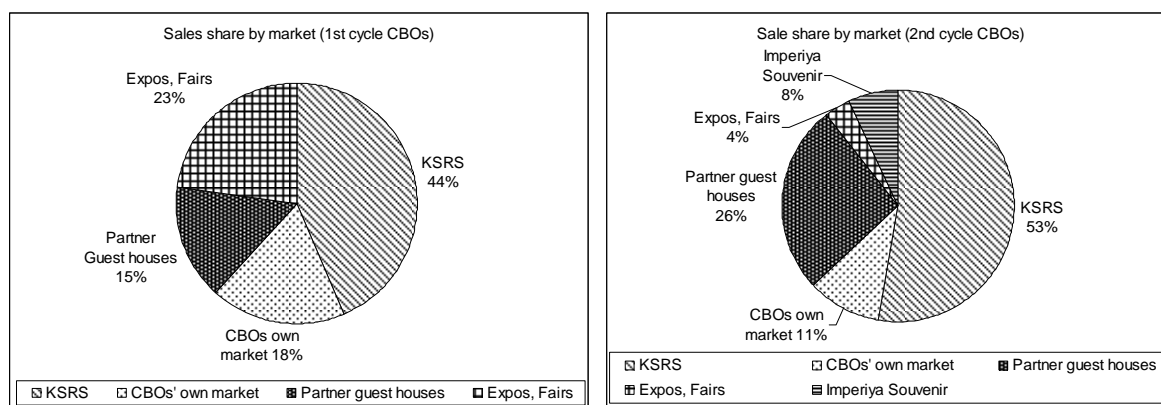


Figure 2.3.14 Sales Share of 1st and 2nd Cycle IK-Brand Products by Markets

In the case of edible products (1st cycle CBOs), sales at EXPOs and fairs are the next most important. Felt souvenirs (2nd cycle CBOs) are most popular at partner guest houses.

These observations can be explained by the fact that edible products are more popular among local people who visit EXPOs and fairs, while overseas tourists stay in guest houses and are more interested in felt souvenirs.

(4) Achievement of Sales Comparing to Their Expectation (in case of 1st cycle CBOs)

The table below shows the comparison of sales expected before the start of production (one season production) and the achievements of 1st cycle CBOs. Since products remaining from the previous year, such as jams, were still available for sale in the second year the data shown below are indicative.

Table 2.3.22 Achievement of Sales in 1st Cycle CBOs

CBO	Expected Annual Sales before Starting Activities (KGS)	Result (Sep 2008-Aug 2009)			Result (Sep 2009-July 2010)		
		Sales from Sep 2008 to Feb 2009 (KGS)	Sales from Mar 2009 to Aug 2009 (KGS)	Seasonal Achievement Rate (%)	Sales from Sep 2009 to Feb 2010 (KGS)	Sales from Mar 2009 to July 2010	Seasonal Achievement Rate (%)
CBO Adilet	80,000	93,010	24,915	147%	37,122	13,770	55%
CBO Bereke	120,000	112,080	19,390	110%	74,460	70,090	129%
CBO Shirin	87,500	19,050	2,330	24%	15,121	13,325	149%
CBO Uzdar	170,000	23,882	18,740	25%	17,102	14,175	131%

As can be seen, apart from CBO Adilet, the expectations of the CBOs were achieved in terms of sales in the second year. CBO Adilet could not achieved the expected sales in the second year because of less production amount due to decrease of numbers, while they could achieve in the first year. In their self-evaluation meetings, the results were evaluated as satisfactory for the first and second year after opening business.

In case of 2nd cycle CBOs, the targets were not set since it was unknown what and how much the individual CBOs could produce at the beginning of work, and was difficult for them to make estimates.

(5) Sales Rate to Amount of Production (in case of 1st cycle CBOs)

The net balance between production and sales is summarized as follows. Around 50% of the pastilla made by CBO Shirin was still remaining as of end of July 2010. The main reason of this is

mis-planning of production through not knowing the unpopularity of the product.

Table 2.3.23 Sales Rate to Amount of Production in 1st Cycle CBOs

as of July 2010										
Producer	Item	Size(g)	No. of Production			No. of Sales	Sales rate to amount of production	Other Use		No. of remaining product
			2008	2009-2010	TOTAL			No.used for promotion	damaged	
CBO Adilet	Sea-buckthorn	228	1440	0	1440	766	53%	16	614	44
	Sea-buckthorn	450	749	0	749	489	65%	9	201	50
	Barberry	228	0	372	372	149	40%	3	0	220
	Barberry	450	0	66	66	42	64%	0	0	24
	Dandelion	350	0	18	18	14	78%	4	0	0
	Dandelion	450	0	185	185	21	11%	0	0	164
	Pinecone jam	350	0	371	371	193	52%	2	0	176
	Stone berry	228	0	60	60	59	98%	1	0	0
CBO Bereke	Barberry	228	686	208	894	789	88%	14	19	72
	Barberry	450	305	763	1068	732	69%	15	0	321
	Sea-buckthorn	228	184	269	453	365	81%	7	7	74
	Sea-buckthorn	450	340	520	860	653	76%	2	0	205
	Dandelion	450	0	252	252	26	10%	1	0	225
	Pinecone jam	450	0	129	129	13	10%			
CBO Shirin	Dry apple	50	314	252	566	350	62%	0	1	215
	Dry apple	100	314	227	541	349	65%	23	1	168
	Dry apple	150	165	0	165	162	98%	3	0	0
	Dry apple	new package	0	29	29	29	100%	0	0	0
	Dry pears	50	83	0	83	82	99%	0	0	1
	Pastila	20g	0	1681	1681	722	43%	27	129	803
Maman (Uzdar)	Herbal soap	-	529	607	1136	1136	-	0	0	-

(6) PR Materials

The following PR materials were produced during the project.

- | | |
|--|------------------------------|
| (i) Leaflet about the project (version 1) | Mar 2008, 1,000 issues |
| (ii) Signboards for the KSRS | Aug 2008 |
| (iii) Leaflet about the OVOP products | Sept 2008, 2,000 issues |
| (iv) IK-Brand banners (to be used for campaigns) | Sept 2008 |
| (v) Establishment of web site (http://www.j-cep.kg/) | Sept 2008 |
| (vi) Leaflet about the project (version 2) | Aug 2009, 2,000 issues |
| (vii) KSRS/IK-Brand uniform | Sept 2009, 10 units |
| (viii) Eco bags with IK-Brand logo | Nov 2009, 200 units |
| (ix) Product catalogue (winter 2009-2010) | Dec 2009, 120 (Ru & En) |
| (x) Product catalogue (summer 2010) | May 2010, 100 (Ru) & 20 (En) |
| (xi) Shop card (to be used for ski base campaign) | Feb 2010, 200 units |
| (xiii) Posters, decorations for the KSRS, partner guest houses, Bishkek souvenir shops, etc. | |

2.3.6 Achievements in Phase II

The assessment of achievements in Phase II is based on the “objectively verifiable indicators set in the PDM Version 3.

(1) Project Implementation System

Evaluation indicators set in PDM version 3:

- 1.2.a Establishment of a unit in charge of the OVOP Movement at the central level
- 1.2.b N^o of staff newly assigned to the Project after the initial evaluation in September 2007
- 1.2.c N^o of staff of Oblast administration and local-self governments who participated in the pilot project
- 1.2.d Contents of actions initiated by the IK-OSA and local-self governments in the pilot project and any other governmental agencies
- 1.2.e Activities at the Karakol Student Research Shop and the Bishkek Antenna Shop
- 1.2.f Budget allocation (or in-kind) arranged by the Kyrgyz side
- 1.2.g N^o of communities and related organizations in the established network
- 1.2.h Contents and frequency of the network activities

1) IK-OSA level (PDM evaluation indicator 1.2.b, 1.2.c, 1.2.d, 1.2.e, 1.2.f)a. Staff assigned to the project

The PIU was established at the beginning of the Phase I by the IK-OSA and has been working together with the JICA Expert Team. According to the R/D the PIU was to have consisted of three members, however, the period during which three PIU members were assigned was about 21 months out of the 43 months of the total project period (as of the end of July 2010).

All the counterparts, including the PM, have been executing the J-CEP as part-time counterparts, although full-time counterparts were expected (refer to annexed Table 2.3).

The PIU meetings have been held on a once a week basis continuously from Phase I. Major subjects discussed in the PIU meetings were mainly on the project progress, problems and working out solutions to the problems. The number of PIU meetings held as of the end of July 2010 is 93. In addition to the PIU meetings, a special workshop was held with the PIU members and the Expert Team on 27th and 28th March 2009 to discuss a sustainable system to continue the OVOP movement promotion and to prepare a proposal to the IK-OSA (refer to Appendix 7).

b. Content of actions initiated by the IK-OSA

The PIU contributed mainly by coordinating seminars/workshops with RSAs, AOs and concerned government agencies, rather than directly participating in the pilot project. Some examples of the major activities coordinated by the PIU are explained as follows:

- (i) The PIU coordinated the introductory seminar for the selection of the 2nd cycle pilot CBO (24th October, 2008), inviting the relevant 27 AOs to the seminar to explain the J-CEP, the OVOP Movement and the procedure for selection of the 2nd cycle CBOs. As the result of the whole process of selection, the PIU scored the short listed CBOs and selected the target CBOs,
- (ii) In July 2008 the PIU organized a meeting to explain the objectives, function and operating system of the KSRS to invited local producers for OVOP Movement activities. Seven local producers were invited and five of them expressed their willingness to take part,
- (iii) At the request of PIU a 55m² shop space, the KSRS, was provided by the IEM of the Issyk-Kul State University free of charge. An agreement of collaboration between the two parties was signed in April 2008. Assuming that the rent for the KSRS would be USD 100 per month, which is estimated with reference to the actual rents in the private sector around the KSRS, it can be said that the PIU has arranged USD 1,200 of annual budget for the

J-CEP,

- (iv) In September 2008 the PIU organized the opening ceremony of the KSRS in collaboration with the IEM. About 80 persons participated in the ceremony from the related agencies of IK-OSA including representatives of the RSAs and AOs, representatives from the JICA Kyrgyz Office, MoEDT and J-CEP's CBOs, student volunteers, NGO staff, etc.,
- (v) Also in September 2008 the IK-OSA sent an official letter to the Bishkek Mayor's Office in which their offering of certain premises for opening the Bishkek Antenna Shop on grant basis was requested. Ultimately, no suitable premises were offered,
- (vi) The PIU approved the IK-Brand products from sample products made by 2nd cycle CBOs, evaluating the products together with the expert team in November 2009 and May 2010, and
- (vii) The IK-OSA was invited to exhibit the IK-Brand products at the 70 years anniversary of Issyk-Kul Oblast in September 2009 and in December 2009 shared the information about the 140 years anniversary of Karakol city.

c. Budget allocation (or in-kind basis)

A specific budget was not arranged by the IK-OSA for the implementation of the J-CEP. However, it must be noted that the IK-OSA/PIU have arranged about USD 1,820 of budget in kind. This consisted of the value of rent for the KSRS premises and discounted amount of fees below as the in-kind basis contribution.

- (i) In August 2008 the IK-OSA instructed the related government agencies responsible for issuing permissions and/or certificates regarding opening of businesses to discount or exempt the fees. As a result, the fees required for some procedures were reduced by 22,864 KGS (about USD 490) as seen in the following table. The government authorities concerned are; Tax Inspectorate and Social Insurance Fund for registration of starting community based business, Forestry Service for issuing the forestry ticket for collection of natural berries, and Architecture Office, Sanitation and Epidemiology Center, and Hospital for issuing permission to start food and soap processing activities using CBOs' workshops.

Table 2.3.24 Reduced Amount of Fees for Production and Sale of OVOP Products

Required Procedure	Agency in Charge	Required Fee at Each Procedure (KGS)		
		Regulated	Applied to J-CEP	Balance
1) Designing of rebuilding plan for the processing workshop	Rayon Architecture Office	5,000	3,000	2,000
2) Obtaining permission for rebuilding	Rayon Architecture Office	1,000	0	1,000
3) Laboratory test of products to obtain sanitary conclusion	Oblast Sanitation and Epidemiology Center	726	0	726
4) Obtaining certificate for sale after inspection of workshop and products	Karakol Testing and Standardization Center	4,150	2,160	1,990
Total Cost per CBO		10,876	4,160	5,716
Total Cost for 4 CBOs		43,504	16,640	22,864

Note: The required fees are slightly different in each Rayon. Typical figures, using jam production and sale as an example, are used in this table.

- (ii) The IK-OSA invited IK-Brand products to participate in the 12th Tourism Fair held at Bosteri in Issyk-Kul Rayon. The participation fee of USD 100 was discounted for 50% due to the efforts of OSA in May 2010.

d. Establishment of a unit in charge of OVOP Movement promotion

The Expert Team had proposed to the IK-OSA that it establish a specific unit to be in charge of the OVOP Movement or to assign at least one full time staff to work for the J-CEP. However, it was not achieved because of the following two main reasons.

- (i) No available budget which the IK-OSA can manage and allocate by themselves to reform the structure, and
- (ii) the IK-OSA finally indicated the possibility to appoint one person to be in charge of the OVOP Movement promotion in January-February 2010 when there was a possibility of additional budget. However, it could not be implemented due to the political reorganizations which happened in April 2010.

2) Central level (PDM evaluation indicators: 1.2.a, 1.2.f)

At the central level, the MoEDT was in charge of supporting the IK-OSA for the implementation of the J-CEP. Some examples of good coordination by the MoEDT are explained as follows:

- (i) In the negotiations with the Bishkek Mayor Office for obtaining the premises for the Antenna Shop, MoEDT staff visited the Bishkek Mayor Office several times between October 2008 and February 2009 to explain precisely the necessity for the shop, although it could be realized at that time.
- (ii) In September 2008 the MoEDT organized a presentation on the OVOP Movement and also presenting the OVOP products. Representatives from the MoEDT related donors (Embassy of Japan, JICA, Embassy of China, WB, ADB, UN, etc.), Bishkek Mayor Office and trading companies of foreign countries.

Besides the MoEDT, the Ministry of Agriculture, Water and Processing Industries (MAWPI) supported the J-CEP. When the MAWPI participated in AgroExpo² held in Berlin, Germany in January 2009 under the support of GTZ, the delegation from the Ministry took the OVOP products to this Expo together with other products from 31 companies in Kyrgyz.

Until the end of the project, a unit in charge of the OVOP Movement at the central level has not established. The main reasons are as follows:

- (i) The J-CEP has shared the experiences of the Issyk-Kul Oblast with the OVOP Movement on various occasions for those in charge to be able to explain and convince the authorities in the Ministry the effectiveness of the Movement. However, due to the sections in charge being very busy and the administrative reforms, the unit was not established, and
- (ii) On 29th July, 2009, Mr. Sultan M. Akhmatove, Head of Assistance Strategy Dept. of MoEDT, expressed to the JICA Consultation Survey Mission that a special NGO called the OVOP Association would be established on the MoEDT initiative. However, this did not materialize due mainly to the administrative reforms and political confusion which

² The AgroExpo in Berlin is one of the largest Expos for agro-products with participation of 50-60 countries and having about 500,000 visitors during the 10 day period.

happened in April 2010.

3) RSA, AO level (PDM evaluation indicators: 1.2.c, 1.2.d, 1.2.f)

The following RSAs and AOs were mainly involved during the pilot project implementation. Contents of the actions in which these representatives participated in are shown below.

Table 2.3.25 J-CEP Activities with RSA and AO Representatives Participation

RSA	AO	Participation in J-CEP activities
Ak-Shuu	Kerege Tash	JSC, Joint seminar, participation in action planning, participation in opening of the CBO workshop, KSRS opening event, KRJC business seminar, invitation for harvest fair, presentation of winter/summer marketing products, presentation in Jergez village organized by CBO Adilet
	Oktyabr	JSC, Joint seminar, participation in action planning, presentation of winter/summer marketing products
Jeti-Oguz	Svetlaya Polyana	JSC, Joint seminar, participation in action planning, presentation of winter/summer marketing products
	Saruu	JSC, Joint seminar, participation in action planning, invitation for harvest fair, presentation of winter/summer marketing products
	Barskoon	JSC, Joint seminar, 2nd cycle pilot CBOs selection, provision of workshop, participation in opening of the CBO workshop, KRJC business seminar, invitation for harvest fair in the Rayon, presentation of winter/summer marketing products
	Tamga	JSC, Joint seminar, 2nd cycle pilot CBOs selection, provision of workshop, KRJC business seminar, presentation of winter/summer marketing products
Tup	Karasaev	JSC, Joint seminar, 2nd cycle pilot CBOs selection, provision of workshop, contribution of part of fees for renovation of workshop, presentation of winter/summer marketing products, presentation in Tasma village organized by CBO Ak Shoola (twice)

Some examples of outstanding coordination by RSAs and AOs are explained as follows:

- (i) During preparation of the action plan for the 1st cycle pilot project, representatives from the AO also participated in some parts of the workshops to provide relevant information to the CBOs (January - February 2008),
- (ii) In the selection of 2nd cycle CBOs, the AOs supported the J-CEP in the distribution and collection of application forms to/from potential CBOs, in response to the J-CEP's request (October 2008). As a result, a total of 38 completed applications were submitted to the J-CEP through the relevant RSA (November 2008),
- (iii) Karasaev, Barskoon and Tamga AOs provided the premises to use for workshops for the 2nd cycle pilot CBOs free of charge. In addition, for example, Karasaev AO contributed 12,500 KGS for the renovation of the CBO's workshop and provided some furniture such as table, chairs and shelves. Other AOs also tried to provide existing premises for the respective CBOs, however, the proposed premises could not be used due to their inappropriate condition for use as processing workshops,
- (iv) Kerege-Tash and Saruu AOs invited the pilot CBOs to a harvest fair (November 2009), and
- (v) Jeti-Oguz RSA vice akim provided the information on a sales space at a beach in the summer season and also introduced the contact persons in charge of Kumtor gold mining company located in Jeti-Oguz RSA in response to the request by the pilot CBOs (December 2009).

Table 2.3.26 No. of Government Staff Participating in the J-CEP Major Activities during Phase II (Nov. 2007 - Jul. 2010)

J-CEP activity	Date	OSA	RSA	AO	MoEDT	Public Officers	Total
Meetings for selection of Pilot CBOs for the 1st cycle	Dec. 05 - Dec. 21, 2007	0	12	15	0	10	37
JSC (No.2)	May 16, 2008	2	0	4	2	0	8
KSRS opening ceremony	Sep. 09, 2008	12	2	4	1	0	19
Workshop for OSA, RSA & AO	Oct. 24, 2008	2	2	23	0	0	27
IK-Brand products presentation (No.1)	Mar. 25, 2009	4	0	3	0	0	7
JSC(No.3)	Apr. 09, 2009	4	2	6	0	0	12
J-CEP seminar	Apr. 10, 2009	9	1	4	1	0	15
Workshop	May 15, 2009	10	2	4	0	0	16
JSC (No.4)	Aug. 03, 2009	5	4	7	0	0	16
IK-Brand products presentation (No.2)	Nov. 06, 2009	3	0	6	0	0	9
JSC (No.5)	Dec. 03, 2009	3	0	5	0	0	8
Joint Seminar	Dec. 04, 2009	2	1	6	0	0	9
IK-Brand products presentation (No.3)	May. 19, 2010	3	1	4	0	0	8
Total		59	27	91	4	10	191

4) System for the OVOP Movement promotion (PDM evaluation indicators: 1.2.e, 1.2.g, 1.2.h)

a. KSRS (PDM evaluation indicator: 1.2.e)

The KSRS was opened on 9th September, 2008 under an agreement between the Issyk-Kul State University and the IK-OSA for the use of the IEM premises free of charge for the promotion of OVOP products. Details of the KSRS function and activities are explained in Section 2.3.2 (2).

The J-CEP attempted to establish a win-win relationship among the KSRS users by conducting a variety of activities. The effectiveness of the KSRS function was proved to a certain extent by the following examples:

- (i) The pilot CBOs could sell their OVOP products at the KSRS with the support of the Assistant Manager (NGO) and student volunteers. The pilot CBOs could also sell their products through the partner guesthouses, as the KSRS had a wholesale function with the support of the OVOP Service Provider,
- (ii) The student volunteers could learn skills of shop management, market/customer research, book keeping and English conversation by selling OVOP products to foreign customers, and method of community development with the OVOP Movement by visiting the pilot CBOs,
- (iii) The results of customer research were also effectively utilized by the pilot CBOs for improvement of their products.
- (iv) Local producers from private sector who were selected as OVOP producers by the J-CEP could also improve the quality of their products by referring to the results of customer research carried out by the student volunteers. They were requested to pay for a space to display/sell their products in the KSRS from the beginning of its operation, and they were used for a part of KSRS operation, and
- (v) The partner guesthouses could make a profit, although it was small compared with their primary business, from the sale of OVOP products to their guests who could not find good souvenirs to take back to their home counties.

b. Establishment of the IK-Brand (PDM evaluation indicators: 1.2.g, 1.2.h)

The products promoted under the J-CEP were called “IK-Brand products”. The J-CEP and the pilot CBOs examined and identified the image of the “IK-Brand” as “Beautiful Nature” represented by the famous Issyk-Kul Lake and Tien Tian Mountain. The Pilot CBOs keep that image in mind when developing their products.

After starting the 2nd cycle pilot project, an evaluation by the PIU members and other stakeholders had been started to approve the products developed as the IK-Brand. The criteria for IK-Brand products applied to the evaluation were:

- (i) having a design which represents the Issyk-Kul Oblast,
- (ii) a high quality product made from local resources,
- (iii) eco friendly products, and
- (iv) attractiveness for tourists, e.g., handy size which can be taken home easily.

A logo for the IK-Brand was developed, and the certified IK-Brand products were allowed to put a logo sticker on each OVOP product. The process of certification of the IK-Brand is presented below:

- (i) Pilot CBOs produced OVOP products following the concept of the OVOP Movement,
- (ii) Those products were presented by each pilot CBO to the evaluators of the IK-Brand in the presentation session organized by the J-CEP, and
- (iii) Evaluators evaluated OVOP products based on the criteria for IK-Brand products which were developed beforehand.

c. Network established for the OVOP Movement promotion (PDM evaluation indicators: 1.2.g, 1.2.h)

➤ Stakeholders involved in the J-CEP network

Stakeholders under the J-CEP networks are summarized in the table below. Those stakeholders were invited for the presentation of IK-Brand products in November 2009 and May 2010, with the objective that it would become the foundation of the OVOP committee of the Issyk-Kul Oblast, although the committee has not yet been established during the project period.

Table 2.3.27 Stakeholders under J-CEP Networks

Category	Stakeholders	Major Activities
Network among pilot CBOs	CBOs	<ul style="list-style-type: none"> - Joint meetings (1st cycle pilot communities): J-Leaders (monthly), J-Accountant (monthly), Village coordinators meetings (twice a month) (Apr 2008 - Apr 2009) - Implementation of Study Tour (1 time each for 1st and 2nd cycle Pilot CBOs) - Participation in EXPOs (2 times in 2008) - PR to guest houses and hotels in Karakol (Dec 2008) - Joint wrap up meeting (1st cycle) (Mar 2008) - Technical trainings (2nd cycle) (Jul 2009) - Looking for information on glass jars, quality wool, etc.
Management of KSRS	IK-OSA, Issyk-Kul University (IEM, Student volunteers), TIC, NGO, CBOs	<ul style="list-style-type: none"> - Management of the KSRS for promotion of the IK-Brand. - Support youth activities (including. improvement of marketing knowledge and experience, etc.)
Partner guest houses and hotels for Marketing	10 guest houses and hotels in and around Karakol; (9 in Karakol, and 1 in Barskoon: 2009, 8 in Karakol: 2010)	<ul style="list-style-type: none"> - Sales of IK-brand products - Promotion of the OVOP Movement

Category	Stakeholders	Major Activities
Local Entrepreneurs for promotion of the IK-Brand	4 entrepreneurs (honey, fruit juice, sea products, felt souvenirs: 2008) 3 entrepreneurs (honey, felt souvenirs)	- Participating in sales activities at the KSRS - Participated in the AgroProd EXPO, together with pilot CBOs (Oct 2008) - Provide necessary information to the KSRS and pilot CBOs

➤ Network among pilot CBOs

The network among the pilot CBOs has been also established under the J-CEP. By doing various activities jointly, the pilot CBOs could strengthen their capacity in organizational management, accounting, high quality product production, marketing of products, etc. Major activities jointly implemented by the pilot CBOs were:

- (i) regular meetings,
- (ii) study tours, and
- (iii) participation in a series of events.

All the details of these activities are explained in Section 2.3.3 and 2.3.4.

➤ Management of the KSRS

Through the KSRS activities, a network between the IK-OSA, the Issyk-Kul University (Institute of Economic Management, Tourism Faculty, and Foreign Language Faculty), the TIC, NGOs, CBOs and local producers were connected.

- (i) For normal management of the KSRS, the NGO, student volunteers of the university have been involved regularly.
- (ii) Regarding inventory and ordering of the IK-Brand products, the KSRS Assistant Manager contacted the local producers and pilot CBOs.
- (iii) Student volunteers visited the pilot CBOs to learn how the IK-Brand products are produced and assisted the pilot CBOs for their PR and sales.
- (iv) The KSRS is located beside the TIC. Both entities could be partners to draw the attraction of tourists.

➤ The Marketing network with partner guesthouses in Karakol and the souvenir shop in Bishkek

A marketing network between IK-Brand products and partner guesthouses/hotels in Karakol was established in December 2008. The number of guesthouses/hotels cooperating in the IK-Brand markets was seven as of July 2010 as shown in the table below.

Table 2.3.28 List of Partner Guesthouses/Hotels in Karakol

Name of guesthouses/hotels	Period of collaboration
Green Yard guesthouse	December 2008 - present
An Artisan's guesthouse	December 2008 - present
Altynbek guesthouse	December 2008 - present
Aisha guesthouse	December 2008 - present
Jamila's B&B	December 2008 - March 2009
Teskei guesthouse	December 2008 - March 2009
Valentina guesthouse	December 2008 - March 2009
Gulnara guesthouse	December 2008 - present
Vstrecha guesthouse	December 2008 - present
Issyk-Kul hotel	December 2008 - March 2009 December 2009 - present

Since February 2010, the sales of felt products in Bishkek via Imperia Souvenir as a regular customer started.

➤ Network with other local producers

Local producers who have interests in working jointly for the OVOP promotion participated in the KSRS activities as well as participating together in EXPO. Since collaboration between a wide range of producers enriches the OVOP Movement, this kind of networking can be the base for attracting more attention of other producers to become involved in the Movement.

Table 2.3.29 Activities Jointly Undertaken with Local Producers

Activities	Contents
Sales activities at KSRS	Tentorium Plus Co (honey and bee wax producer): Sept 2008 - present Saima (felt souvenir producer): Sept 2008 - present Belek (felt souvenir producer): Sept 2008 - present Oregon juice company (fruit juice): Sept – Nov 2008
Participation in AgroProd EXPOs	Tentorium Plus Co: Sept 2008, Sept 2009 Ilfat (dry fish producer): Sept 2008 Ak Bulak (dairy product): Sept 2008 * Planned to participate and paid participation fee in Sept 2009, but canceled due to family issue.
Participation in IK-Brand products presentation	Tentorium Plus Co: Nov 2009 Saima: Nov 2009
Joint seminars	Tentorium Plus Co: Apr 2009, Dec 2009

➤ Others

Apart from networks mentioned above, the following organizations were major resource agencies who were involved jointly during the project. They are resource agencies rather than networks, but useful connections for doing and promoting community based business.

Table 2.3.30 Organizations Collaborated with J-CEP

Name of Organizations	Contents of Collaboration
NGO FORWARD	Sub-contracted for assisting works for OVOP Promotion (July 2008 - July 2010)
NGO Leader	Sub-contracted for assisting works for social mobilization and baseline survey (Jan- Mar 2008)
NGO Community Development Alliance (CDA)	Sub-contracted to conduct baseline survey for pre-pilot communities/villages (Mar 2007)
CACSA RC (Central Asian Craft Support Association Resource Centre)	Conducting technical trainings regarding wool/felt products production and marketing (twice in 2009) Visiting in study tour as a resource agency Information sharing on handicraft fairs Consultation about selection of adequate wool carding machines, etc.
ABCC (Agro Business Competitiveness Centre)	Sub-contracted for conducting survey on herbs (2007) Consultation about fruit drying technologies
CBT (Community Based Tourism)	Participating in the tourism festival in Jeti-Oguz organized by CBT Receiving a delegation of the CBT Tajikistan to the KSRS and explain about OVOP Movement in the J-CEP
CAMP (Central Asian Mountain Program)	Being invited for the seminar organized by CAMP in Bishkek and presented about J-CEP activities (2009)
Certified body for issuing certificate on products in Bosteri	Asking for testing and issuing the certificate on nutrition calculation of the products, issuing the certificate as commercial products (2008, 2009)
EXPO organizer	Sharing information about EXPO held in Bishkek
KRJC (Kyrgyz Republic Japan Center- Business Course)	Organizing seminar about 1) OVOP business for the pilot CBOs (2 times in 2009) Participating in the seminar on “design” organized by KRJC (Aug 2009)

(2) Empowerment of Pilot Communities with the OVOP Movement

Evaluation indicators set in the PDM version 3:

- | | |
|-------|---|
| 1.3.a | Output of OVOP products produced in pilot communities (quantity, variety, achievement rate referring to the action plan, etc.) |
| 1.3.b | Degree of understanding of communities on opening community based business (including requirement and permissions, knowledge on cost and benefit, accounting, etc.) |
| 1.3.c | Level of marketing skills of communities (knowledge and experience on production of value-added products, market research, PR methodology, etc.) |
| 1.3.d | Internal regulation made by each pilot community and its observance |
| 1.3.e | Relevance of action plans made by each pilot community |

1) Production of 1st cycle pilot CBOs (PDM evaluation indicators: 1.3.a, 1.3.e)

The planned and actual production of the 1st cycle pilot CBOs are presented in Table 2.3.6 in Section 2.3.3. Although considerable differences are found between the planned and actual, the achievement rate of production can not simply be measured. This is because actual production depends on the availability of raw materials which are influenced by climate and the availability of appropriate glass jars in markets.

2) Production of 2nd cycle pilot CBOs (PDM evaluation indicators: 1.3.a, 1.3.e)

The result of production of the 2nd cycle pilot CBOs is presented in Table 2.3.14 in Section 2.3.4. As shown in the table, until the end of July 2010, 595 qualified marketable products were produced by the CBO Ak Shoola in Tasma village, 879 by the CBO Onor Bulagy in Barskoon village, and only five by the CBO Erbol in Tosor village.

3) Degree of understanding of communities on opening community based business (PDM evaluation indicator: 1.3.b)

All activities for opening community based businesses have been done based on the OJT philosophy together with the support of the J-CEP. The degree of understanding by the communities of opening businesses could be observed in this series of their actions.

- (i) CBOs were able to make action plans, which include all the necessary steps to be cleared for manufacture of a product together with the financial plan in 2009 and 2010, essentially by themselves with minimum reminding and revision by the J-CEP.
- (ii) Through the J-CEP accounting management strategy carried out in 2008, CBOs learned book keeping methods (including keeping receipts, etc.), and keeping records and necessary documents in their accounting file.
- (iii) CBOs could hold a certain amount of savings which would contribute towards the following year's production activities, and thus, they learned the importance of keep "savings" for the future production. While the J-CEP kept their savings on their behalf in 2008, the CBOs decided to open bank accounts from 2009 to hold the savings themselves.
- (iv) CBOs producing jam planned the amount of production, taking into account their internal funding which was kept from last year's sales, and their capacity for production. It shows that they have acquired the knowledge of accounting and costing and are benefiting from that way of thinking. (This level of understanding by the rest of the CBOs is still under observation).
- (v) With regard to quality control of products, the CBOs, especially CBO Adilet who had lots

of damaged products in 2008, are expected to have learned the importance of quality control. Learning from this experience, CBO Adilet paid more attention to quality control, and thus the number of damaged products found in 2009-2010 was minimum.

- (vi) In case of 1st cycle CBOs the prices for new products in 2009 and 2010 were set referring to the price setting method done in 2008. In case of 2nd cycle CBOs, the prices for spring/summer products were set referring to the method used in the previous autumn/winter time.
- (vii) The CBOs got used to receiving comments from customers through the KSRS activities and participating in sales events. In the preparatory meetings for participation in EXPOs, for example, the CBOs renew the tasks of collecting comments from customers as one of the important roles automatically, without initiation by the J-CEP.
- (viii) On the other hand, for carrying out the business, quality control and production planning should be improved for sustainable business. For edible products more attention to sterilization and labeling is required. For non-edible products more attention is required to maintain the standard of the products, making products to match the order exactly in terms of color, size and design, etc.).

4) Sales of OVOP products (PDM evaluation indicator: 1.3.c)

a. Marketing

All the activities regarding marketing have been also carried out following the OJT philosophy with the support by the J-CEP. The marketing strategy and markets or sales locations developed by the J-CEP are presented in Section 2.3.5 in detail.

The improvement in the understanding by the CBOs with regard to marketing could be observed in the following series of actions and attitudes as explained below.

- (i) In the joint activities held in 2009, i) participation in EXPOs, ii) tight links with guesthouses and hotels, and iii) involvement in the KSRS activities were planned. It shows that the pilot CBOs understand that these three are major and important marketing activities for them.
- (ii) Although it might be still difficult for the pilot CBOs to implement strategic PR and market research activities, they have experienced and learned what kinds of activities should be carried out for marketing their products through the OJT.
- (iii) CBO Adilet produced some sample jams in 2009 spring and summer (dandelion, pine cone, and stone berry) to assess the popularity in markets, and learned that “uniqueness” can be of value to commercial products in 2008. In 2010, they started to produce bigger amount and are planning to expand the varieties of jams.
- (vi) CBO Shirin planned to produce processed dried apricot in 2009, considering that their apricot is smaller and is not competitive with the ones from Batken. It will not be profitable to sell them as fresh apricots without processing them. This shows that they understood the idea of value-added products.
- (v) For new products in 2009 and 2010, the pilot CBOs were setting prices taking into account the factors which should be included in setting prices.

- (vi) The pilot CBOs learnt the effectiveness of participating in EXPO and fairs to PR and to sales of their products. In the first half of the project, the CBOs were dependent upon the J-CEP, especially the KSRS Assistant Manager and the student volunteers when they participated in sales events such as EXPO and fairs. After the September 2009 EXPO held in Bishkek, the responsibilities for participating in events started to be transferred gradually to the pilot CBOs. In the last three EXPOs, the CBOs initiated the calculation all of the costs necessary to participate in the events. The CBOs paid some part of the participation fee and asked the IK-OSA and/or the J-CEP to support them for the part which did not appear that they could fund by themselves. For example, they negotiated with the PD to ask for discount or exemption of the participation fee for a tourism fair held on 29th May, 2010, and succeeded in obtaining a 50% discount.
- (vii) On the other hand, the capacity of the pilot CBOs' for preparing PR material and carrying out campaigns is not yet sufficient developed for them to conduct them by themselves.
- (viii) The CBOs are trying to develop markets by visiting local markets, asking acquaintances in Bishkek, connecting with the visitors at EXPOs, etc. The examples of markets developed by the CBOs are; local markets in Kyzylsuu town (CBOs Shirin and Bereke), sales in Bishkek through acquaintances (CBO Bereke), Sales in Tamga resort and Bishkek souvenir shops (CBO Onor Bulagy).

b. Sales Results

Total sales by CBOs were 568,564 KGS in the 1st pilot CBOs during the 23 months from September 2008 to July 2010. In the 2nd pilot CBOs, during 13 months from July 2009 to July 2010 the total sales were 184,195 KGS. The details of sales results, including an analysis made of the monthly sales, the sales amount by major markets, and achievement of sales compared with the CBOs' expectation are explained in Section 2.3.5.

c. Average earnings of members of CBOs

Following the account management system instructed by the J-CEP, each CBO received around 50% from their sales as the CBO's income. This was distributed among the members after deducting any common expenses such as taxes and transportation fee for their activities.

Table 2.3.31 Average Earnings per CBO Member in 1st Cycle Pilot CBOs

CBO	Sept 2008- Aug 2009				Sept 2009- July 2010			
	No. of members	Sales as a whole (KGS)	Income to the CBO (KGS)	Earnings per person (KGS)	No. of members	Sales as a whole (KGS)	Income to the CBO (KGS)	Earnings per person (KGS)
Adilet	5	117,925	58,960	11,792	3	50,890	25,445	8,482
Bereke	10	131,470	65,740	6,574	8	144,550	72,275	9,034
Shirin	4	21,380	10,690	2,673	5	28,450	14,225	2,845
Uzdar	5	42,622	21,310	4,262	-	31,277	-	-

The earning per member in the later half of the project was increased in CBO Bereke and CBO Shirin comparing to the first year, while it decreased around 30% in case of CBO Adilet due to reduction of production.

Referring to the baseline data collected in March 2008, before start of the pilot project, in Jergez village for example, the income of one of the members' families was around 200,000 KGS (2007).

Considering the situation in which two members are from same family, the earnings as a family from jam making would be close to around 17,000 -18,000 KGS, which equivalent to around 8.5-9.0% of the total family income.

Table 2.3.32 Average Earnings per CBO Member in 2nd Cycle Pilot CBOs

CBO	Sept 2009- July 2010			
	No. of members	Sales as a whole (KGS)	Income to the CBO(KGS)	Earnings per person (KGS)
Ak Shoola	8	124,325	62,162	7,770
Onor Bulagy	5	58,600	29,300	5,860
Erbol	6	1,270	-	-

5) Organization of pilot CBOs

a. Internal regulation made by each pilot community and its observance (PDM evaluation indicator: 1.3.d)

Internal regulation was made in all CBOs to become tough and reliable organizations to achieve their goals and activities. The regulation was ratified by all members at the general meeting and signed by the CBO Leader (refer to Section 2.3.3 (5)). Important decisions such as changing in membership, etc. have been executed in accordance with each CBOs' regulation.

6) Summary of Achievement by the CBOs

The summary of achievement by each CBO is in Appendix 4.

(2) The Effectiveness of Community Empowerment Method with the OVOP Movement

Evaluation indicators set in PDM version 3:

- 1.4.a Accumulation of lesson learned and experiences regarding community empowerment
- 1.4.b Guideline for community empowerment with the OVOP Movement
- 1.4.c Impacts on regional development

1) Accumulation of lessons learned and experiences regarding community empowerment (PDM evaluation indicator: 1.4.a)

Lessons learned so far can be summarized as follows:

a. Organizational aspect

- (i) Start from small numbers in order to secure a trusting relationship among members, taking into account the feature of Kyrgyz communities which tend not to trust each other,
- (ii) The types of organization established under the OVOP Movement can be various such as "community group works" or "small business". However, without actually being ready for doing "business", which may have risks and requires continuous learning through trial and errors, it is not possible to overcome the fundamental difficulties which may exist,
- (iii) Study tours are effective for providing practical information such as quality control, management of business and so on as well as organizational management from experienced organizations,
- (iv) Facilitating the opportunity to exchange experiences and ideas between CBOs is effective. Within the J-CEP this was achieved by means of regular coordinator, leader and accountant meetings held at the J-CEP office,

- (v) Perseverance and continuous communication is essential for encouragement of the communities, and
- (vi) A preliminary survey of potential pilot villages and CBOs was conducted as a part of the process of the 2nd cycle pilot community selection. This approach was adopted after the negative experience of the 1st cycle in which the same kind of survey was carried out after the final selection. It worked well by avoiding misunderstandings and misinformation about the community and helped to make a better selection.

b. Production aspect

- (i) Great care should be paid to quality control in the production process. This should include sanitary conditions, standards in size/colors/design as well as labeling and packaging procedures,
- (ii) Acquisition of packaging materials such as glass jars for jam and polyethylene packages for dry fruits are not easy for CBOs or small enterprises in general, since middlemen or retailers who deal with these items are limited in Kyrgyzstan. Taking into account this situation, it is recommended to build a partnership among several organizations to be able to purchase them,
- (iii) Regarding jam and dry fruits, the season of production is limited due to availability of the raw materials. As the CBOs making jam will carry out some trials with different kinds of fruit this year, it is important to try their production with different materials available in the region, in order for make the business active and sustainable,
- (vi) Taking into consideration the tourist season in Kyrgyzstan, which is limited to summer (July and August) and winter (January till March), strategic production should be examined, and
- (v) Formats for record keepings should be simple as possible, in order to avoid confusion.

c. System for community empowerment with the OVOP Movement

- (i) It is necessary to have an opportunity unit/coordinator that can coordinate all the OVOP producers to promote the Movement together. Otherwise, without networking as regional brand, it will not be a Movement to vitalize the region,
- (ii) The visible results of the OVOP products in the first year encouraged stakeholders to be aware of the OVOP Movement. It proves that “practice” is more effective than “preaching”. In this meaning, establishing a model CBO with intensive support is effective in expanding the Movement,
- (iii) Considering the complexity of all the necessary procedures required for opening business, the efforts and lobbying by the IK-OSA to make business environment easier will be necessary for the revitalization of the regional economy,
- (vi) Mobilization of local students into volunteer activities in the OVOP Movement is effective both by giving more human resources and creating opportunities and places for youths to develop their capacity, and
- (v) Involving and collaborating with the private sectors is inevitable for promoting the Movement.

2) Guidelines for community empowerment with the OVOP Movement (PDM evaluation indicator: 1.4.b)

The guidelines for the OVOP Movement promotion toward community empowerment was prepared and submitted to the IK-OSA/PIU in mid-July 2010. The Guidelines are intended to present an outline of how to promote the OVOP Movement for community empowerment based on the experience accumulated through the pilot project operation under J-CEP.

The Guidelines consist of two volumes; Volume I and Volume II. Both volumes have been prepared for use by the government officers who are responsible for rural and regional development at all levels of government administration, i.e., Central, Oblast and RSAs, and AOs. In particular, Volume II, "Handbook for doing Community Based Business" has been prepared not only for use by government officers but also by persons and groups with an interest in setting up community based business based on the concept of the OVOP Movement.

3) Impacts on regional development (PDM evaluation indicator: 1.4.c)

The Economic impact is still minimal and limited due to the fact that the target groups involved in the project are limited. On the other hand, the name of IK-Brand and the information on the Movement is getting well known through the series of marketing and PR events. For example, in recent EXPOs, the IK-Brand booth received some repeat visits by persons who visited the IK-Brand booth in other EXPO and visitors to partner guesthouses. This fact shows that the PR activities held during the project are having some impact in the society.

Another issue is the extension of this kind of community based business. During the project implementation, it was noted that the village people are still observing the results of the pilot CBOs. Except the case of Tasma village, where a JOCV started community supporting activities from April 2010, no examples of emerging new groups triggered by the pilot CBOs have been observed.

2.4 Counterpart Training in Japan

Counterpart training in Japan was implemented by JICA. It was held three times during the project period; once in the Phase I and twice in Phase II. For each Counterpart training, the Expert Team assisted IK-OSA and JICA in the preparation of the training program and schedule, and helped nominated counterparts in preparation of documents requested by JICA. One member of the Expert Team accompanied the counterparts in each training held in Oita prefecture in Japan. The list of participants and the program of each training session are presented in Appendix 5.

2.5 JSC Meeting and Joint Seminar/Workshop

2.5.1 JSC Meeting

In the course of the J-CEP, JSC meetings were held seven times for the purpose of reviewing and exchanging opinions among the JSC members on the work plan, revisions of PDM, and evaluation of the project outputs.

(1) JSC Meeting Held in Phase I

1) Extraordinary Session of JSC Meeting

The extraordinary session of JSC meeting was held on 24th January, 2007. The major points discussed

in the meeting are summarized as follows (refer also to Appendix 6-1):

- (i) The framework of the J-CEP to be implemented by the combination of the OVOP Movement and social/livelihood improvement was agreed by the JSC members,
- (ii) The contents of the pre-pilot project, herb cultivation and processing in selected villages together with social/livelihood improvement activities, was also agreed by the JSC members, and
- (iii) The PIU Project Manager requested JICA for support in the assignment of a coordinator and assistants and in the market survey of potential products to be developed under the OVOP operations.

2) JSC Meeting N^o1

The JSC meeting N^o1 was held on 17th September, 2007 together with the meeting of the Initial Evaluation Team from JICA Headquarters. The major item confirmed among the JSC members was the continuation of the J-CEP to the Phase II as mentioned in Section 2.2.5 (4). The M/D signed by the Initial Evaluation Team and the IK-OSA is presented in Appendix 6-2.

In order to proceed to Phase II, however, the Team pointed out that the implementation system needs to be strengthened more and be supported more by the central government. It also suggested that the Kyrgyz side needed to make further efforts to strengthen the institutional setting and financial support including the following measures:

a. Measures to be taken by the IK-OSA

➤ Appointment of the PIU members

One of the PIU members would be a full-time counterpart for the project implementation.

➤ Budget arrangements for pilot project

The IK-OSA will take actions to request central authorities for the necessary budget for the pilot project.

b. Measures to be requested to the MoEDT and other ministries

➤ Supporting system to the OVOP Movement by the MoEDT

The MoEDT will be requested to assign an appropriate person as a member of JSC for the project.

➤ Budgetary support to the OVOP Movement

Arrangement of the budget for the implementation of the pilot project during Phase II would be requested to the ministries concerned with the OVOP Movement.

The results of the evaluation including the above issues were discussed in the JSC Meeting N^o1. The M/D of the JSC Meeting N^o1 is presented in Appendix 6-3. In the meeting, both parties agreed to revise the PDM Version 1. The principle changes in the PDM were indicated in the above mentioned M/D presented in Appendix 6-2.

(2) JSC Meeting Held in Phase II

1) JSC Meeting N^o2

The JSC meeting N^o2 was held on the 16th May, 2008. The major items discussed were i) the J-CEP's

strategy for community empowerment, ii) the overall pilot project plan, and iii) revision of the PDM based on items i) and ii). These issues which were presented in Progress Report N^o2 were approved by the JSC members. The M/D of the JSC Meeting N^o2 is attached as Appendix 6-4.

2) JSC Meeting N^o3

The JSC Meeting N^o3 was held on the 9th April, 2009. The major items discussed were i) the progress of the J-CEP based on Progress Report N^o3, and ii) the implementation system for community empowerment with the OVOP Movement. These issues were approved by the JSC members. The M/D of the JSC Meeting N^o3 is presented in Appendix 6-5.

3) JSC Meeting N^o4

The JSC meeting N^o4 was held on the 3rd August, 2009 together with the meeting of the JICA Consultation Survey Mission. This Mission was dispatched by the JICA Headquarters for the period from 28th July to 5th August, 2009. The objectives of the Mission were to i) confirm the J-CEP progress and outputs with the Kyrgyz side, and ii) give advice and guidance on further implementation of the J-CEP.

As the result of the Survey, the Mission presented in the JSC Meeting measures which they proposed be taken by the J-CEP until its completion.

The Mission's proposed measures for further implementation of the J-CEP are summarized as follows:

- (i) To make a guidebook for both officials and individuals to understand the necessary procedures regarding OVOP products. The guidebook would include i) establishing a CBO, ii) starting a community-based small business, and iii) obtaining approval for making and selling products. In this regard, the J-CEP will prepare and publish the guidebook and request that the Kyrgyz side disseminate the information.
- (ii) To establish criteria for the IK-Brand and a system for approval of IK-Brand products. In this regard, the J-CEP will prepare a draft of the criteria for approval and an IK-Brand sticker, and request that the Kyrgyz side make official such criteria. The J-CEP also requested that the Kyrgyz side establish a system for approval of IK-Brand products.
- (iii) The J-CEP requested the Kyrgyz side to introduce and/or provide places where OVOP products would be displayed and sold on a trial basis.
- (iv) The J-CEP requested the Kyrgyz side to make an official enquiry to the Issyk-Kul State University to continue to assist the OVOP Movement including the KSRS.

All the participants of the JSC meeting basically understood the proposed measures of the Mission, although the PD of the J-CEP commented that further discussion among the Kyrgyz side would be necessary for the establishment of the system for the approval of IK-Brand products. The meeting memo of JSC N^o4 is presented in Appendix 6-6.

4) JSC Meeting N^o5

The JSC Meeting N^o5 was held on the 3rd December, 2009. The major items discussed in the meeting were i) the progress of the J-CEP based on Progress Report N^o4, and ii) the contents of the draft Guidelines for the OVOP Movement promotion. In the meeting, Progress Report N^o4 was accepted by the JSC members. The M/D of the JSC Meeting N^o5 is presented in Appendix 6-7.

5) JSC Meeting N^o6

The JSC meeting (N^o6) was held on 14th July, 2010 together with the Terminal Evaluation Team who had been dispatched by the JICA Headquarters for the period from 30th June to 20th July, 2010. The Terminal Evaluation Team conducted the terminal evaluation of the Project jointly with the Kyrgyz side. Both sides confirmed the evaluation results in the JSC meeting and agreed on the points presented in a Terminal Evaluation Report. Further details of the evaluation results, including a summary of Terminal Evaluation Report, are presented in Chapter 4 (Achievement of the Project Purpose).

The M/M between the Japanese Terminal Evaluation Team and the Authorities Concerned of the Government of the Kyrgyz Republic is presented in Appendix 6-8.

2.5.2 Joint Workshop and Seminar

(1) Joint Workshop Held in Phase I

On 18th January, 2007 the JICA Expert Team held a workshop with stakeholders in the Issyk-Kul Oblast. The total number of participants was 28 persons who were representatives from the IK-OSA (PD, PM, PIU members and officers of various divisions related to the J-CEP); Rayon and Municipality Administrations (Ak-Suu, Tup, Jety-Oguz, Issyk-Kul, Karakol and Balykchy); Issyk-Kul State University; NGOs; private organizations; JICA Kyrgyz Republic Office; and the Expert Team.

Through discussions among stakeholders, it was agreed that the J-CEP would be implemented under the concept of the OVOP Movement. It was recommended by stakeholders that the social and/or livelihood improvement programs would be also implemented in the villages selected for the pilot villages.

It was agreed that trials would be made at pre-pilot villages to be selected in the Phase I period. The extent of the social and/or livelihood programs at the pilot villages during the Phase II would be decided by reviewing the trials at the pre-pilot villages.

(2) Joint Seminar Held in Phase II

1) Joint Seminar on Progress Report N^o2

The Joint Seminar on Progress Report N^o2 was held on 15th May, 2008 with the object of i) reaching consensus on the strategy of the J-CEP and the overall pilot project plan, and ii) confirming the progress of the pilot project among the participants.

A total of 45 persons participated in the seminar. They were the representatives from IK-OSA (PD, Deputy Governor, PM, PIU members and officers of various divisions related to J-CEP); RSAs (Ak-Suu and Jety-Oguz); AOs (Saruu, Svetlaya Polyana, Kerege-Tash and Oktyabr); Issyk-Kul State University; NGOs; private organizations; Pilot villages (Shirin, Bereke, Adilet and Uzdar); JICA Kyrgyz Republic Office; JOCVs; and the Expert Team.

In general, the strategy and overall pilot project plan were accepted quite positively by the participants. The progress of the pilot project was also confirmed among the participants.

At the end of the Seminar, a special agreement on co-operation between each leader of the pilot CBO and the PM of J-CEP was signed by the both parties and witnessed by the JICA Expert Team Leader. Before signing, the text of the agreement was read in front of all the participants for their clear understanding.

2) Joint Seminar on Progress Report N°3

The Joint Seminar on Progress Report N°3 was held on 10th April, 2009. The Seminar had two main objectives: i) the presentation of the progress of the pilot project, and ii) discussion on the system for further community empowerment through the OVOP Movement.

The participants of the Seminar were 42 persons representing the following stakeholders: IK-OSA (PD, PIU member and officers of various divisions related to the J-CEP); RSA (Ak-Suu); AOs (Barskoon, Kerege-Tash, Oktyabr and Karasaev); Issyk-Kul State University; NGOs; private organizations; pilot villages (Bereke, Uzdar, Ak Shoola, Onor Bulagy and Erbol); KSRS volunteers; and the JICA Expert Team.

The seminar also received the attention of representatives of the local mass media (Issyk-Kul TV, Issyk-Kul Kabarlary and Issyk-Kul News).

Regarding objective i), the Expert Team explained, for the understanding of the participants the achievements and the steps done in the development of the Pilot CBOs. For objective ii), the participants shared their opinions about the proposed system of community empowerment through the OVOP Movement. They also expressed their general views on the overall strategy for further community empowerment in the region.

3) Joint Seminar on Progress Report N°4

This Seminar was held on 4th December, 2009 with three main objectives: i) presentation of the progress of the pilot project based on Progress Report N°4, ii) sharing the contents of the draft Guidelines for the OVOP Movement promotion among the stakeholders; iii) group discussion on the question “What we can do for sustainable regional development with the OVOP Movement considering the current system” and sharing the discussion results among the stakeholders.

The participants of the Seminar were about 40 persons representing the following stakeholders: IK-OSA (PD, PIU member); RSA (Ak-Suu); AOs (Barskoon, Saruu, Kerege-Tash, Oktyabr, Karasaev and Tamga); Issyk-Kul State University; NGOs; private organizations; Pilot Villages (Shirin, Bereke, Adilet, Uzdar, Ak Shoola and Onor Bulagy); JICA Kyrgyz Republic Office; and the Expert Team.

The seminar also received the attention of representatives of the local mass media (Issyk-Kul TV and Oblast newspaper “Vesti Issyk-Kulya”).

Regarding objective i), the 1st and 2nd CBOs presented their progress on production and marketing activities, the KSRS Manager outlined the progress of the KSRS operation, and the PIU member who participated in the Counterpart Training in Japan gave an outline of the training. As to objective ii), the Expert Team outlined the important parts of the draft Guidelines including its main message and objectives, expected users and OVOP participants. For objective iii), the participants were divided into three discussion groups: Group-A consisted of officers of IK-OSA, RSAs and AOs; Group-B NGO, KSRS, tourism and academic sector; and Group-C Pilot CBOs. After the group discussion, each group presented the outcomes of their discussions. In general, the result of the group discussion was fruitful, and based on their presentation it was identified that all the groups have already understood their role in sustainable regional development with the OVOP Movement.

In the wrap-up, it was emphasised for the participants that without developed communities sustainable regional development will be difficult. These two factors are interconnected. Therefore, the OVOP Movement is a valuable instrument to be used for strategic regional development.

4) Joint Seminar with JICA Terminal Evaluation Team

On 9th July, 2010, the Joint Seminar was held inviting the JICA Terminal Evaluation Team in addition to the participants in previous seminars. The objectives of the seminar were to confirm among the participants/stakeholders the J-CEP achievement and to review the future plans for the community development with the OVOP Movement. The participants of the seminar were about 40 persons representing the following parties: IK-OSA (PIU member); RSAs (Jety-Oguz Rayon); AOs (Karasaev, Kerege-Tash, Sevtiaya-Polyana, Oktyabr, and Saruu); local partner producers; partner guesthouses; pilot CBOs; and the JICA headquarters Terminal Evaluation Team.

The main items of the agenda were:

- (i) review of the project concept and strategy for community empowerment with the OVOP Movement,
- (ii) presentation of achievements and perspectives by the main stakeholders of the Project, and
- (iii) review of the recommendations, made by the main stakeholders at the Joint Seminar on 4th December, 2009, for sustainable regional development with the OVOP Movement.

After substantial discussions made on (iii), above the participants confirmed the following important conclusions:

- (i) Further promotion of the OVOP Movement in the region requires participation of all the categories of stakeholders; state authorities, OVOP producers, public, academic and business organizations,
- (ii) Specialization and co-operation among these stakeholders is very important. Specialization means that each sector can make its own unique contribution to the promotion of the OVOP Movement. Co-operation means, first and foremost, understanding that the main effect of participation in the Movement by any stakeholder is the advertisement of the region and attraction of consumers to the products and services of the region,
- (iii) There are many problems that might hinder the promotion of the OVOP Movement but they should somehow be overcome at various levels,
- (iv) Resolution of these problems depends in many senses on the choice of the scheme for further promotion of the OVOP Movement as an effective community empowerment tool,
- (v) The decision on such a scheme should be taken in near future by coordination among JICA, J-CEP and IK-OSA in the framework of the Joint Management Committee or other agreed format. The opinions expressed during this and previous joint seminars should be taken into account when making the decision, and
- (vi) For the present, the J-CEP expressed its confidence in the IK-OSA to continue implementation of all the obligations taken by it for the present time, despite the unstable political and socio-economic situation in the country.

5) Bishkek Seminar

The Bishkek Seminar was held on 4th August, 2010 with the objectives of:

- (i) presenting the good practice of “community empowerment with the OVOP Movement”, and
- (ii) introducing the guidelines for further expansion of the Movement to the parties concerned

at the central level.

The participants of the seminar were about 45 persons representing the following parties: the MoER; the MoA; IK-OSA (PD and PIU members); the pilot CBOs; donor agencies (JICA, WB, UNDP, GTZ); and international and local NGOs (Halvetas, CACSA, ABCC, CBT and CAMP).

The main items of the agenda were:

- (i) introduction to the OVOP Movement,
- (ii) presentation about outline of the J-CEP,
- (iii) presentation of the guidelines for the OVOP Movement Promotion, and
- (iv) high potential areas of OVOP Movement in Kyrgyzstan.

The seminar was facilitated by a deputy minister of the MoER.

In the introduction to the OVOP Movement, JICA resident representative briefly explained JICA's OVOP projects in different countries and some experiences in Japan. The team leader of J-CEP presented concept and philosophy of the OVOP Movement and approach and results of J-CEP in the IK-Oblast. Following the OVOP Movement presentation, one of the PIU members presented about the J-CEP including project concept and strategy, operation system, and achievement. The third presentation was made by representatives of each cycle of CBOs. They mainly presented their achievement of production, sales, personal capacity and organizational development. CBO members emphasized the needs of continuous support from IK-OSA and local governments as well as from JICA. The fourth presentation was about guideline. Contents, purpose of developing guideline, target people, how to use and key issues were explained by an expert of J-CEP. At the end, a specialist of MoER made a presentation about potential areas for the OVOP Movement in Narin and Talas where natural resources are rich mainly for cattle breeding.

Several comments and questions were raised. GTZ particularly showed the interests about herbal soap production and asked information sharing and collaboration in the future. CBT, a local NGO, mentioned possibility of selling IK-Brand products at their cooperated guest houses in all over Kyrgyz. A participant from Helvetas was interested in the initial costs to launch community based business and income sharing system introduced by the J-CEP.

Six month extension of the J-CEP was announced by the JICA Kyrgyz office. The MoER also shared the information that the MoER and JICA are now under planning to hold a national level workshop about the OVOP Movement inviting officers from all the regions in the Kyrgyz Republic in October.

IK-Brand products were displayed at the seminar room. Tasting of 1st cycle products such as jam and dry fruits was also conducted mainly for the purpose of advertising and selling the IK-Brand products. The total sales amount of the products at the seminar was 3,405 KGS (1st cycle 1,095 KGS and 2nd cycle 2,310 KGS).

Chapter 3 Lessons Learned from the Project Implementation

3.1 Project Implementation System

- (i) Under the existing administration system of the Kyrgyz Republic, the IK-OSA was not directly responsible for village and CBO development/empowerment. Because of this situation, the J-CEP has tried to involve RSAs and AOs in several important meetings such as the JSC and field workshops for selection of the pilot CBOs and succeeding supporting activities,
- (ii) With authority of the IK-OSA, official requests made by the PD and PM to RSAs and AOs generally worked well and the participation of officers of these governments was considerably good in the meetings and workshops,
- (iii) On the other hand, the IK-OSA had no authority for changing its organizational structure or increasing staff numbers without approval of the central government. This situation gave rise to difficulties in establishing a new department in the IK-OSA for the promotion of the OVOP movement, although it was proposed by the PIU members,
- (iv) Because of the situation mentioned in (i) and (iii) above all the PIU members including the PM carried out the J-CEP as part-time counterparts and could not take charge of the field works. As a counter-measure to this situation, most of the logistic works were carried out by the sub-contracted NGO, and
- (v) In order to share the information with members of the PIU about project progress, problems and their solution the PIU meetings were held once a week. These frequent and regular meetings helped to have mutual understanding for project implementation.

3.2 Community Empowerment

(1) Development of the Capacity of the CBO

- (i) Start from small numbers in order to secure a trusting relationship among the members. This is in recognition of the feature of Kyrgyz communities which tend not to trust each other or get together to form groups/communities,
- (ii) It is important to have a leader who is respected by the members. It is also important to allocate responsibilities among the members and not to depend on the leader to do everything,
- (iii) Holding frequent meetings among the members will help to develop solidarity among the members,
- (iv) Transparency in fund management as well as decision making is essential to develop good organization. As practiced during the project, it was effective to require the CBOs to keep the funds at the beginning and progressively let the people get used to realizing the possibility of keeping necessary funds themselves,
- (v) Once the members could feel the advantages of working together as a group (e.g. feeling happy to work together and helping each other, achieving goals through collaboration, etc.), the activities may become sustainable,

- (vi) Study tours are effective for providing practical information such as quality control, management of businesses etc. as well as learning organizational management from experienced organizations,
- (vii) Facilitating opportunities for the exchange of experiences and ideas among CBOs is effective. Within the J-CEP this was achieved through regular meetings held at the J-CEP office (coordinator meeting, leader meeting and accountant meeting). Through these regular meetings the CBOs learned the importance of and became familiar with keeping records, and felt peer pressure to do well, which also developed their skills and knowledge by practice, and
- (viii) The outsiders should understand that it takes time to train and develop the capacity of adults, and on-going trials and practices through the OJT are necessary.

(2) Production Aspect

- (i) Great attention should be paid to Quality Control in the production process. This includes sanitary condition, standardization of size/colors/design as well as labeling and packaging procedures,
- (ii) Acquisition of packaging materials, such as glass jars for jam and polyethylene packages for dry fruits, are not easy for CBOs or small enterprises in general, since middlemen or retailers who deal with these are limited in Kyrgyzstan. Taking into account this situation, it is recommended that partnerships among several organizations are developed to be able to purchase them,
- (iii) Regarding jam and dried fruits, the season for production is limited due to the availability of raw materials. The CBOs making jam will carry out some trials with different kinds of fruits this year, it is important to try production with the different materials available in the region, in order for make the business active and sustainable,
- (iv) Taking into consideration the tourist seasons in Kyrgyzstan, which are limited to summer (July and August) and winter (January to March), strategic production should be examined, and
- (v) A series of formats for record keeping should be simple as possible, in order to avoid confusion.

(3) Marketing and PR

- (i) Opening 'antenna shops' for marketing purposes is effective; i) for PR of products, ii) for sales of products, and iii) for collecting comments from customers to improve the products,
- (ii) Although the KSRS has been successfully managed in Karakol, for the purpose of the project as a whole, it would be more effective to open a shop in a capital city where there is accesses to a larger population,
- (iii) As KSRS played the role of logistic point for sales activities, having stronghold for sales and PR of the regional brand is necessary to promote as a "regional brand", and
- (iv) Participating in EXPO and fairs, especially the ones in capital city, is useful both for improving sales and PR of products.

(4) Establishing Model CBOs

- (i) Without having had the success of the pilot CBOs, it would not be possible to expect further expansion of the activities. For the purpose of trying to establishing a model CBO, it will be better to select the already experienced group with strong wishes and commitment to continue their activities, rather than trying to receive outside assistance,
- (ii) It was found that the communities/villages located in remote areas have a tendency to be united among villagers and make efforts to maximize the use of the available resources including external assistance. This feature should be taken into consideration in selecting pilot communities,
- (iii) A preliminary survey on potential pilot village and CBO was conducted as a part of process of the 2nd cycle pilot community selection based on the experience of the 1st cycle. The same kind of survey was carried out after the final selection. It worked well, avoided misunderstanding and misinformation about the community and helped to make a better selection,
- (iv) The types of organization under the OVOP Movement can be various such as “community group works” and “small business”. However, without being ready for doing “business”, which may have risks and requires continuous trial and errors, it is not possible to overcome the difficulties, and
- (v) Perseverance and continuous communication with the target groups is essential for the encouragement of the community.

(5) Toward Community Empowerment

- (i) Establishing a “model CBO” is useful to show the effectiveness of the activities to the region since people observe what is happening in their village and assimilate the information quickly. People in villages are reserved and reluctant to start something new. Because of this feature, the outsiders should understand that it takes time for the people in the villages to make changes and consider a longer time span at the project planning stage,
- (ii) It is necessary to have an opportunity unit/co-ordinator that can co-ordinate all OVOP producers to promote the Movement together. Otherwise, without networking as regional brand, it will not be a movement to vitalize the region,
- (iii) The visible results of OVOP products in the first year encouraged stakeholders to be aware of the OVOP Movement. It demonstrates that “practice” is more effective than “preaching”. In this meaning, establishing model CBO with intensive support is effective in expanding the Movement,
- (iv) Considering the complexity of all the procedures required for opening businesses, efforts and lobbying by Oblast administrations to make the business environment easier will be necessary for the revitalization of the regional economy,
- (v) Mobilization of local students into volunteer activities in the OVOP Movement is effective in terms of providing more human resources as well as creating opportunities and places for youths to develop their capacity, and
- (vi) Involvement and collaboration with the private sector is inevitable in the promotion of the Movement.

Chapter 4 Achievement of the Project Purpose

4.1 Introduction

The Terminal Evaluation of the Project was carried out jointly by the Japanese and Kyrgyz sides at the final stage of the Project. Specifically for the purpose of this evaluation, the JICA headquarters dispatched a Terminal Evaluation Team headed by Mr. Suzuki Masahiko, Senior Assistant to the Director for Economic Infrastructure Department, JICA for the period from 1st to 14th July 2010. In the course of the evaluation, the achievement of the purpose of the project was also examined jointly by both sides.

This Chapter summarizes the evaluation results of the terminal evaluation survey. Details are presented in a Terminal Evaluation Report attached to M/M between the Japanese Terminal Evaluation Team and the Authorities Concerned of the Government of the Kyrgyz Republic (see Appendix 6-8).

4.2 Terminal Evaluation

The terminal evaluation survey was conducted with the following purposes.

- (i) To verify the level of the achievement, the performance and the implementation process of the project activities based on the R/D and the PDM,
- (ii) To evaluate the Project using the five evaluation criteria; relevance, effectiveness, efficiency, impact and sustainability, and an evaluation grid was prepared for the Project,
- (iii) To draw useful recommendations and lessons learned from the Project, and
- (iv) To prepare the results of the evaluation study as a minutes of the meeting and to obtain a common understanding of the evaluation.

The evaluation was conducted jointly by the Japanese team and Kyrgyz side, the members of which are as below;

Japanese side

Mr. Suzuki Masahiko	Leader (senior assistant to the Director for Economic Infrastructure Department, JICA HQ)
Mr. Tominaga Yasuhisa	Evaluation Planning (Planning and Coordination Division/ Economic Infrastructure Department, JICA HQ)
Ms. Okumoto Yasuyo	Evaluation Design (Private Sector Development Division, Private Sector Development Group, Industrial Development Department, JICA HQ)
Mr. Totsugawa Jun	Project Evaluation (International Project Department, Senior Consultant, Sano Planning Co., Ltd.)

Kyrgyz side

Mr. Alshbaev Kalybek Keneshovich Leader, First Deputy Governor, the IK-OSA

Both sides confirmed the achievements of the Project in terms of its objectives, outputs, activities and inputs stated in the PDM, and conducted the evaluation in accordance with the five criteria, i.e., relevance, effectiveness, efficiency, impact, and sustainability after carrying out questionnaire/interview surveys and site visits to the pilot projects.

4.3 Results of Joint Evaluation

The result of the evaluation survey was presented at the JSC (No.6) held on 14th July 2010. Both sides agreed the conclusions of the evaluation result as follows:

(1) Conclusion

The concept of the Project, “Community Empowerment with OVOP Movement” is well-understood by the stakeholders, not only within the Issyk-Kul Oblast but also in the central authorities. In addition, the Project almost established the relevant methodology for community empowerment through the OVOP Movement. This puts importance on human resource development, producing “local yet global products”, and “self reliance and creativity”, by utilizing available local resources.

On the other hand, taking into account the results of the evaluation based on the five evaluation criteria, it could be said that the project purpose has not yet been achieved at a satisfactory level in certain spheres. However it is highlighted that various unexpected positive impacts are confirmed such as;

- (i) remarkable empowerment of some pilot CBOs that gave positive impacts toward the communities,
- (ii) enhanced roles and functions of the KSRS with participation of students in its management,
- (iii) empowerment of a local NGO involved in the operation of the Project, and
- (iv) dissemination of the concept of the community empowerment methodology with the OVOP Movement in the Kyrgyz Republic.

It is appropriate to provide continuous assistance to the activities in general, which will further the enhancement of the achievements and potentials.

(2) Recommendation for Further Promotion of the OVOP Movement

1) Dissemination and utilization of the guidelines

The guidelines, which will be officially published by the end of the Project, are the remarkable outcome of the project and summarize what the stakeholders have learned from the project. The MoER, IK-OSA and the project team should take relevant measures in order to disseminate these guidelines for full utilization by the ministry, local governments and CBOs even after completion of the Project.

2) Active and responsible support from regional government agencies

The roles of each stakeholder for the OVOP Movement have been discussed in the series of seminars and are reflected in Volume I of the Guidelines. The regional government (IK-OSA, Rayons, and AOs) should play an active role in supporting the CBOs by initiating the tasks recommended in the guidelines such as providing information, technical training, marketing and/or financial (or in kind) support.

3) Support for CBOs’ outreach activities

The role of regional government in promoting OVOP products is quite important. Regional government should provide information on any marketing opportunities such as EXPOs and fairs and provide certain support to interested CBOs so that they can participate in such events.

4) Sustaining the KSRS activities

Marketing activities held at the KSRS benefited not only the pilot CBOs but also the students who worked there as volunteers. The students had opportunities to enhance their knowledge and experience on marketing and to learn the concept and principle of the OVOP Movement. The IK-OSA and Issyk-Kul State University should continue to support activities at the KSRS.

5) Financial support for CBOs

Community based businesses usually start from small scale, and the OVOP Movement approach recommends that villagers to be aware of available local resources in the village which do not require a huge investment. However, there is always a need for financial resources, especially when a CBO tries to enhance production volumes and/or improve quality. The IK-OSA should ensure financial support for those needs by establishing a financial support system or by providing information about micro credit agencies which are able to provide credit services with appropriate conditions for CBOs.

6) Reflection to the policies

The central and regional governments consider “Community Empowerment” as one of the important issues and have the intention to apply the OVOP approach as an effective method to approach the issue. For the future application of the OVOP Movement, the experiences and outputs obtained from this project should be well understood and fully utilized in formulating relevant policies with stable arrangement of necessary budget.

7) Establishment of sustainable certification system for the “IK-Brand”

The establishment of the “IK-Brand” has had a positive effect in promoting products made by the pilot CBOs. It gave added value to the image of the products such as high quality, eco-friendly and good design, and attracted customers. However, the certification system of the regional brand has not been established yet. It is necessary for the IK-OSA to continue discussions on its establishment with the parties concerned.

(3) Lessons Learned

1) Timely project management

All activities under the Project should be implemented and monitored based on the PDM and PO. These documents should have been revised at appropriate times, for example at the end of Phase I or during the visit of monitoring mission in 2008 August, and should have been used for regular monitoring.

2) Appropriate project monitoring

The strategy of the Project should have been set up by examining the current situation of communities and their surroundings carefully. It is important to conduct a rigorous planning study and to monitor the progress appropriately so that the project framework corresponds to the existing circumstances. The possibility of providing inputs from both parties should have been carefully examined before reaching agreement on the project framework.

3) Importance of local resources

Through implementation of the project it was confirmed that the low cost community empowerment approach utilizing available local resources, which can be found easily in the region, is effective.

While keeping in mind the resources available in the region, the financial or in kind basis assistance should be examined carefully for effective community empowerment.

Chapter 5 Recommendations for Achieving the Overall Goal of the Project

5.1 Introduction

The overall goal of the project has been set to attain “socio-economic revitalization in the Issyk-Kul Oblast in harmony with environmental preservation” (refer to Appendix 2). It is said that the overall goal is expected to be attained after about five years from the end of the project. Therefore, as the executing agency of the project, the IK-OSA is expected to continue the project activities for the attainment the overall goal by utilizing technologies transferred by the Expert Team during the period of the J-CEP.

If the present situation of the Kyrgyz Republic is taken into account, it is understandable that there would be many uncertainties in the national administration system from the central government to local government. However, the importance of socio-economic revitalization would remain as a universal need of the people in the Issyk-Kul Oblast and in the Kyrgyz Republic as a whole.

Accordingly, IK-OSA is expected to continue the project activities following the recommendations of the Expert Team presented in this Chapter.

5.2 Establishing Unit in Charge of OVOP Promotion

The IK-OSA is recommended to establish a unit in charge of community based business promotion with the OVOP Movement. The major role of this unit will be as follows:

- (i) To give guidance to interested groups, CBOs, Associations, SMEs and individuals on how to start community based businesses using the Guidelines for OVOP Movement Promotion prepared by the Expert Team,
- (ii) To collect relevant information on the availability of credit, resource persons, supporting services, official procedures required for obtaining permissions/ certificates, etc. for starting and running community based business,
- (iii) To organize and establish the tentatively named “the IK-Brand Committee” inviting representatives from the pilot CBOs, local producers, partner guesthouses/hotels and NGOs,
- (iv) To establish selection criteria for the IK-Brand and select IK-Brand products based on the criteria by holding the IK-Brand Committee meetings. These would be at least twice a year, one for the products for the summer season and another for the winter season products,
- (v) To monitor the activities of the groups including the pilot CBOs so that data on starting and conducting community based business are accumulated in the Unit,
- (vi) To support the KSRS operation in collaboration with IEM and NGO (refer to Sections 5.5 and 5.6), and
- (vii) To give information to the groups who produce IK-Brand products about Expos and Fairs so that they can demonstrate and sell their products in these events.

Regarding (i) and (v) above in particular, the IK-OSA shall use the existing administration channels of

RSAs and AOs, since interested groups do not always visit the IK-OSA.

It is also recommended to the IK-OSA to negotiate the following issues with the central government department which is responsible for community based business and SMEs. It is still unknown under the new government, which was approved by the Kyrgyz nationals at the beginning of July 2010, the name of the department holding that responsibility.

- (i) Procedures currently required for opening community based business should be simplified. As presented in Table 2.3.3, the 1st cycle CBOs had to visit more than ten agencies while following the regulations for obtaining permissions/approvals for opening and conducting community based business. Moreover, even for the same procedure, the cost and number of days required for each procedure varied between the locations of agencies. These shall be unified and transparent.
- (ii) Establishment of the Unit in charge of community based business promotion with the OVOP Movement should be approved by central government with a certain amount of budget allocation. The ideal number of staff in the Unit will be i) Chief (Management), ii) Specialist A (Economy), iii) Specialist B (Tourism), and iv) Specialist C (Law) for the expected functions/activities.

5.3 Establishing Model CBOs

Under the project, six CBOs have been trained, aiming to become the models of conducting community based business with the OVOP Movement.

The OVOP Movement is an approach for promotion of endogenous development. While making full use of potential resources and capital, and also preserving the environment, people can develop their areas by promoting community based business. This is the spirit of the OVOP Movement.

This type of development does not appear, initially, to make a large impact on economic development at the individual level. This is because each activity is usually small-scale, and the capital and resources spent for it are also small. But the aggregate effects of numerous small businesses can achieve steady and sustainable development of the region.

However, people tend to believe that opening business requires a high initial investment and that business are started by those who succeed in getting machines and facilities. Seeing is believing. In order to shift the image of the stereotype business, demonstrating with a fully functioning model is effective. The models can be presented in the form of relevant events, ‘antenna’ shops, organizing study tour, providing opportunities of presentation, etc.

The models will not only be for community people who may have interests to start a business, but also the local governments which have intentions to promote the Movement.

In order to improve certain models, it is recommended that an experienced group with strong wishes and commitment to continue their activities be selected, rather than trying to utilise outside assistance. Various types of organization, such as “community group works” and “small business” could operate under the OVOP Movement. However, any types of organizations will not succeed the business without being aware of tackling difficulties such as business risks by continuing trial and errors to achieve expectations of the group.

5.4 Networking with Tourism and Private Scoters, and Other Stakeholders

The OVOP Movement will be activated when a wider range of producers and other stakeholders become involved.

Under the J-CEP, the participants involved in the pilot project operations were numerous since the purpose of implementing the pilot project was i) to verify the effectiveness of the OVOP Movement by examining OVOP activities, and ii) to find an appropriate operation system in the context of the Issyk-Kul Oblast in the Kyrgyz Republic. To be able to verify and examine the above objectives, the activities were implemented in parallel to produce a result quickly for the early sharing of information among the stakeholders.

Particularly, since the OVOP Movement is about regional development utilizing local resources, collaboration with the tourism sector is inevitable. The potential groups with whom to collaborate are hotels and guesthouses, restaurants and cafés, and souvenir shops for tourists. As a result of promoting the OVOP Movement tourism can be also enlivened by providing unique products to tourists which then promotes the region when tourists return home and give gifts and talk with their family and friends.

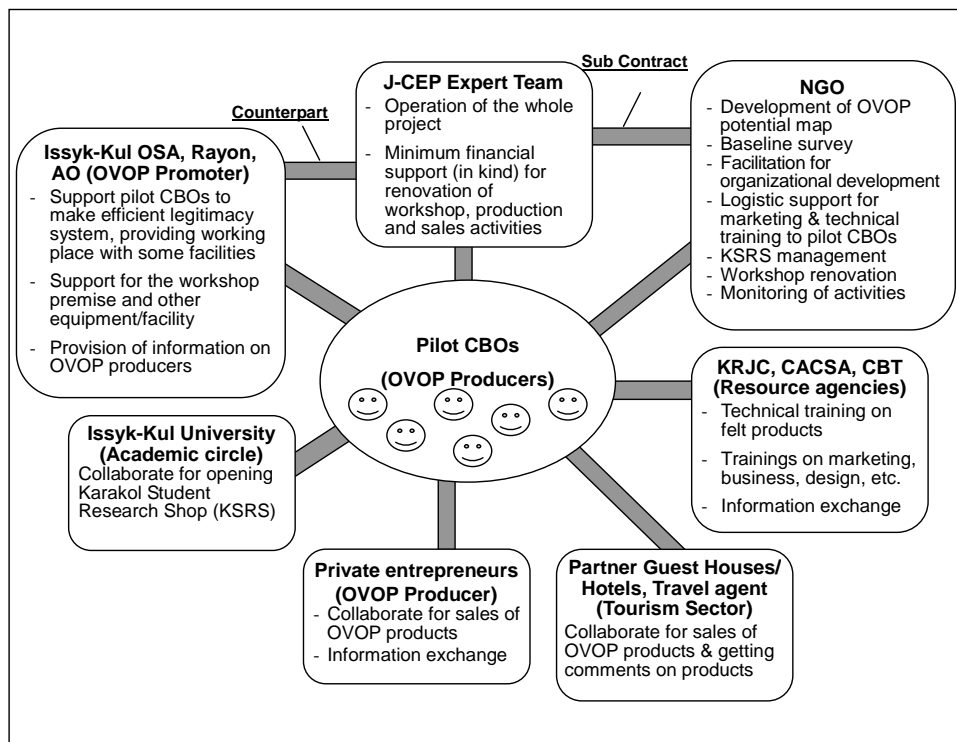


Figure 5.4.1 Network of Stakeholders Involved in the Pilot Project of J-CEP

For the continuous implementation of the OVOP Movement it is not necessary to follow the ideal system, as shown above, from the beginning. Rather, it is recommended to start with what the particular conditions of a given area allow.

Under the project, the KSRS was managed by an employed shop manager under supervision of the sub-contracted NGO together with student volunteers of the Issyk-Kul State University. Mobilization of university students into volunteer activities in the OVOP Movement is doubly effective by providing more human resources and creating opportunities and places for youths to develop their capacity.

5.5 Continuous Operation of KSRS and its Expansion

A further method of strategic OVOP promotion is to have a dedicated location that presents the OVOP movement and OVOP products; these are known as Research Shops or Antenna shops. These shops have the following functions: i) to display and sell OVOP products (including carrying out the function of distributor), ii) to promote OVOP activities, and iii) to conduct market research on the needs and interests of customers. Depending on the organizer and financial resources, various types of shop can be used, from a small space in government offices to opening an independent shop in the capital city.

Under the project, the KSRS, which is located on the premises of IEM of the Issyk-Kul State University, was opened to display and research the marketing of OVOP products, under an agreement between the University and the IK-OSA. As mentioned in Section 2.3.5, the KSRS played various important roles for the promotion of OVOP products, such as introduction, promotion, and sales of OVOP products, conducting customer surveys, connecting producers and markets, managing sales, stock inventories, etc.

This kind of core agent which can be the core of promotion of the products, particularly dealing with logistic perspective, is necessary for promotion and continuity of the OVOP Movement.

5.6 Collaboration with Local Resources including NGOs

There are various capable local entities which can be great contributor to the OVOP Movement.

Considering that local NGOs are the agents which are the foundation and have the mission of improving the region, it is effective to collaborate with them for the OVOP Movement. Particularly, taking into account the limited resources available in the state and local administrations of the IK-OSA, RSAs, and AOs, it is recommended that those available local resources are utilized fully.

NGOs may effectively provide support for the time consuming processes for community empowerment, such as social mobilization, baseline surveys and operational advice for the implementation of the OVOP activities, which require certain skills and experiences and frequent communication with communities.

There are various project/programs which may provide technical training and/or loans for innovation of the OVOP activities, targeting community and SMEs. These resources are also valuable for the promotion of the OVOP Movement.

Utilization of the local resources will also contribute to develop the capacity of those agencies by means of OJT, which may enrich the sustainable regional capacity to revitalize the region.

Annexed Tables

Table 2.1 Actual Implementation Schedule (1/2)
(Phase I)

No.	Work Item	2007										
		1	2	3	4	5	6	7	8	9	10	
1.00	Preparatory Work in Japan											
1.01	Project implementation planning	□										
1.02	Preparation of ICR (draft)	□										
1.10	1st & 2nd Field Work in Kyrgyzstan	9	■				2	9	■		21	
1.11	Review of the current situation	■										
1.12	Review of the activities and programs of related stakeholders	■										
1.13	Presentation and discussion on ICR (Extraordinary Session of JSC)	★ ²⁴										
1.14	Consolidation of the project implementation and management system		■									
1.15	Consolidation of Issyk-Kul Dev. Forum		■									
	Market Research on Herb			■								
1.16	Selection and implementation of the pre-pilot project villages/communities		■	■								
	Baseline research in pre-pilot villages			■								
1.17	Capacity building of the PIU											
	OVOP Potential Map Preparation								■			
1.18	Formulation of programs for pilot project operation and the J-CEP systems								■			
	1st Counterpart Training in Japan									■		
1.19	Compilation of the PGR (1)									■		
	Support to the Initial Evaluation made by JICA HQ									■		
1.20	JSC (1) to evaluate and decide on the continuation of J-CEP									★ ¹⁹		

Note: Work item without "No." was not presented in the original work plan explained in ICR.

Table 2.2 List of Potential OVOP Products Identified in Each Rayon of the Issyk-Kul Oblast
(1/2)

#	Products	Ak-Suu	Tup	Issyk-Kul	Ton	Jety-Oguz	Total
1	Sea-buchthorn oil, jam, medicines	2		1	1	3	7
2	Natural dung gas	4				1	5
3	Mushrooms	1				1	2
4	Milk, cheese, butter	1				1	2
5	Tsigal-sheep fur products	1					1
6	Wood furniture	1					1
7	Healing herbal drinks	1					1
8	Hydro-energy	2					2
9	Decorative blue spruce	1					1
10	Sausage	1					1
11	Blackberry wine	1					1
12	Blackberry juice					1	1
13	Willow baskets and souvenirs	1		2		1	4
14	Tomato, cucumber, lettuce pickles	1					1
15	National wool slippers	1					1
16	Vegetables and Fruits	1					1
17	Calendula	1	1				2
18	Medicinal herbs	2					2
19	Valeriana		1				1
20	Camomile		1				1
21	Wool handycraft	2					2
22	"Gulazyk" traditional dairy dish	1					1
23	Horse saddles	1					1
24	Apple juice, vinegar	1	1	2			4
25	Flour and bread		1				1
26	Champaign, wine (rose, grape, strawberry)		1				1
27	Brynza		1				1
28	Lime,cement, roofings		1				1
29	Burdock ointment		1				1
30	Reed baskets		1				1
31	Bricks		1			1	2
32	Rabbit meat/skin		1				1
33	Wool blankets, shyrdak and slippers		1	1			2
34	Honey		1	1			2
35	Horse ridding leatyher ammunition		1				1
36	Reed furniture, souvenirs		1				1
37	Felt souvenirs and handicrafts		1			1	2
38	Strawberry jam and juice		1				1
39	Preserved pattisons			1			1
40	Apricot stone oil			1			1
41	Fish breeding			1			1
42	Yurts			1	1		2
43	Fodder			1			1
44	Brussels sprouts			1			1
45	Hop extract			1			1
46	Raspberry wine and liqueur			1			1
47	Natural staff souvenirs			1			1
48	Licorise root			2			2
49	Wooden souvenirs			1			1
50	Sand bricks			1			1

Table 2.2 List of Potential OVOP Products Identified in Each Rayon of the Issyk-Kul Oblast
(2/2)

#	Products	Ak-Suu	Tup	Issyk-Kul	Ton	Jety-Oguz	Total
51	Skins, meat of small cattle, goat's			4			4
52	Royal apricot jam, juice, dryfruits			1			1
53	Barberry jam			1			1
54	Wallnut oil			1			1
55	Medicines from ribwort			1			1
56	Jam and dryfruits from red apricot			1			1
57	Apricot juice				1		1
58	Reed souvenirs				1		1
59	"Bar-Bulak" springs				1		1
60	High-silica sand				1		1
61	Rainbow trout				1		1
62	Healing spring water				1		1
63	Ethedra-medicinal herb				1		1
64	Erbocine medicinalherb				1		1
65	Potato starch				1		1
66	Marble				1		1
67	Wooden doors and windows				1	2	3
68	Embroidery workshop				1		1
69	Apple-jam, juice, dries				1		1
70	Hawthorn - jam, wine, medicines				1		1
71	Raspberry - jam, juice				1		1
72	Yaks -meat, skin				1		1
73	Tashkent apricot - jam, juice				1		1
74	Bean pickle				1		1
75	Fruit juice					3	3
76	Wool for yurts					1	1
77	Apricot jam					2	2
78	Drued garlic					1	1
79	Barberry - tincture, decoction					2	2
80	Sunflower seeds					1	1
81	Yurt elements - strips, tunduk					1	1
82	Dungan salads					1	1
83	Mineral water					1	1
84	Rose radiola - tincture					1	1
85	Canned fish, caviar					2	2
86	Buckwheat					1	1
87	Hot springs					1	1
88	Rapessed oil					1	1
89	Cabbage					1	1
	Total	28	18	29	20	32	127

**Table 2.4 List of Potential OVOP Products in the Issyk-Kul Oblast
with Scores based on Selection Criteria**

№	Products	Expert Team	PIU Members	Total	Product with High Score*
1	Sea-buckthorn oil, jam, medicines	20	9	29	
2	Mushrooms	7	11	18	
3	Milk, cheese, butter	17	20	37	*
4	Tsigal-sheep fur products	12	8	20	
5	Wood furniture	10	13	23	
6	Healing herbal drinks	15	13	28	
7	Decorative blue spruce	15	19	34	
8	Sausage	10	15	25	
9	Blackberry wine	16	11	27	
10	Blackberry juice	16	10	26	
11	Willow baskets and souvenirs	13	10	23	
12	Tomato, cucumber, lettuce pickles	8	14	22	
13	National wool slippers	12	9	21	
14	Vegetables and Fruits	19	18	37	*
15	Calendula	20	13	33	
16	Medicinal herbs	20	14	34	
17	Valerian	20	8	28	
18	Camomile	20	8	28	
19	Wool handicraft	15	12	27	
20	"Gulazyk" traditional dairy dish	7	5	12	
21	Horse saddles	7	10	17	
22	Apple juice, vinegar	21	17	38	*
23	Flour and bread	16	16	32	
24	Champaign, wine (rose, grape, strawberry)	7	13	20	
25	Brynza	11	13	24	
26	Lime, cement, roofings	14	18	32	
27	Burdock ointment	11	5	16	
28	Reed baskets	11	5	16	
29	Bricks	9	11	20	
30	Rabbit meat/skin	15	7	22	
31	Wool blankets, slippers, etc.	15	16	31	
32	Honey	21	21	42	**
33	Horse ridding leather ammunition	7	10	17	
34	Reed furniture, souvenirs	13	5	18	
35	Felt souvenirs and handicrafts	15	13	28	
36	Strawberry jam and juice	13	14	27	
37	Wooden doors and windows	10	16	26	
38	Apple and Apricot juice	21	19	40	**
39	Wool for yurts	11	10	21	
40	Apricot jam	21	21	42	**
41	Dried garlic	14	14	28	
42	Barberry - tincture, decoction	18	11	29	
43	Sunflower seeds	15	13	28	
44	Yurt elements - strips, tunduk	13	14	27	
45	Dungan salads	10	14	24	
46	Mineral water	14	12	26	
47	Rose radiola - tincture	6	3	9	
48	Canned fish, caviar	11	10	21	
49	Buckwheat	11	10	21	
50	Rapeseed oil	10	6	16	
51	Cabbage	10	13	23	

** Score more than 40 * Score 35 to 39

Table 2.5 Criteria for Selection of 1st Cycle Pilot Villages/Communities

Criteria		Score	Reference
Jamaat	Organizational Level <i>Do they have experiences of working as one group? How do they work? (structure & system)</i>	Good 5	*Presentation
		Fair 3	*Summarized info by Facilitators
		Poor 1	*Action Plan *Work A report
	Member's Sense of Responsibility <i>Did all the members participate in the workshop actively? Don't members rely on the leader too much? Have they had their family understand their activities?</i>	High 5	*Presentation
		Fair 3	*Summarized info by Facilitators
		Low 1	
	Participation in Workshop (attendance) <i>How many % of the members participated in the workshop?</i>	80~100% 5	*Attendance record
		60~79% 3	
		30~59% 1	
	Leadership <i>Do they have the leader? How does she/he manage the group? Do members trust the leader?</i>	Good 5	*Presentation
		Fair 3	*Summarized info by Facilitators
		Poor 1	*Action Plan
	Understanding of OVOP Movement <i>How many % of the members participated in the orientation seminar (Work A)?</i>	80~100% 5	*Attendance record of Work A
		60~79% 3	
		30~59% 1	
Local Govt	AO's involvement <i>Did the AO Head and/or staff members participate in the workshop? Did they support to organize the workshop?</i>	Good 5	*Presentation
		Fair 3	*Summarized info by Facilitators
		Poor 1	*Participation of Work A
	Does AO have concrete idea how LSG can support the OVOP Movement?	Much 5	*Presentation
		Some 3	*Action Plan
		Little 1	
Rayon's involvement <i>Did the Akim and/or Rayon staff members participate in the workshop? Did they support to organize the workshop?</i>	Good 5	*Presentation	
	Fair 3	*Summarized info by Facilitators	
	Poor 1	*Participation of Work A	
Action Plan	Competence <i>Is the quality of Action Plan competent and acceptable to support in J-CEP?</i>	Good 5	*Action Plan
		Fair 3	*Comments of specialists
		Poor 1	
	Practicability (procedure) <i>Are the procedure of the production (raw materials ~ marketing/sales) practical and realistic?</i>	Good 5	*Action Plan
		Fair 3	
		Poor 1	
Practicability (financially) <i>Are the Action Plan financially practical and realistic?</i>	Good 5	*Action Plan	
	Fair 3		
	Poor 1		
Marketability	Competitiveness <i>Is the product competitive enough to beat other competitors?</i>	High 3	*Report on Market Research
		Fair 2	
		Low 1	
	Potentiality as gift from Issyk-Kul <i>Is the product attractive enough to be selected as a gift from Issyk-kul by tourists and local people?</i>	High 3	*Report on Market Research
		Fair 2	
		Low 1	
	Local market <i>How is the marketability of the product locally?</i>	High 3	*Report on Market Research
		Fair 2	
		Low 1	
	Bishkek market <i>How is the marketability of the product in Bishkek?</i>	High 3	*Report on Market Research
		Fair 2	
		Low 1	

Table 2.6 Costs Spent for Renovation Work (1st Cycle)

(som)

	Item	Jergez	Chonkyzysuu	Saruu	Maman
Initial Cost	Renovation of Workshop	41,426	36,488	66,626	40,456
	Initial Costs for official docs (regarding opening processing workshop, water permission, etc.)	5,524	3,498	6,498	3,000
Running Cost	Tools & Equipment:	16,820	15,110	16,920	9,910
	Sub-Total (a)	63,770	55,096	90,044	53,366
Contribution by JCEP	Costs for official docs (Purchasing forestry ticket, medical check, testing of final products, etc.)	5,971	6,451	2,687	4,008
	Ingredients (sugar and pectin)	15,412	9,631	0	0
Contribution by CBO	Packaging Materials, glass jars	50,953	34,872	1,549	856
	Electricity, water, etc.	750	1,500	1,606	880
TOTAL (a) + (b)	Patent fee (Tax)	3,600	2,448	2,500	3,300
	Sub-Total (b)	76,686	54,902	8,342	9,044
	TOTAL (a) + (b)	140,456	109,998	98,386	62,410

Note:

1. Transportation costs to deliver packaging materials, products to market, etc. were burdened by JCEP through sub-contract. Since those were delivered not by each CBO, but all together, including some other works, it is not possible to distinguish how much were spent for each CBO.

Table 2.7 Scoring Sheet for the 3rd Shortlisting of 2nd Cycle Pilot Villages/Communities (1/2)**Ak-Suu Rayon [10 Jamaats] products**

Aiy! Okmotu		Ak-Bulung	Boz Uchuk					Kerege-Tash	Oktyabr'		Otradnyi	
Village		N/A	Boz Uchuk					Ichke-Jergez	Kerege-Tash	Maman		Shapak
Jamaat		Ak Bata	Aiybacha	Nookor	Uzdar	Zerger	Zirek	N/A	Arashan	Bekbekei	Khan tenir	
Registration		05/06/05	05/04/00	2004	20/04/03		2003	20/08/06	05/06/05	n/a	09/03/06	20/09/04
# of members		10	4	5	5		3	5	2	n/a	12	5 families
Production		wild berry products	handicraft	wood processing	handicraft	bread baking	wood processing	wood processing	wood processing	herb cultivation	handicrafts	felt products
IK Brand Appropriateness	PIU	14	10	18	14	12	18	10	12	12	16	14
	JICA ET	24	18	12	28	14	18	15	14	22	25	26
Experience in target production	PIU	0	12	12	12	12	12	12	14	12	12	12
	JICA ET	7	16	24	22	15	17	20	24	16	28	20
Support from LSG (OSA, Rayon, AO)	PIU	12	12	12	12	12	12	12	14	0	12	20
	JICA ET	26	24	28	24	24	14	22	29	7	24	36
Future view of development	PIU	12	10	8	14	12	10	8	12	12	12	14
	JICA ET	32	18	16	16	15	7	12	21	8	24	20
Total		127	120	130	142	116	108	111	140	89	153	162
Average	PIU	9.50	11.00	12.50	13.00	12.00	13.00	10.50	13.00	9.00	13.00	15.00
	JICA ET	11.13	9.50	10.00	11.25	8.50	7.00	8.63	11.00	6.63	12.63	12.75
	Average	10.58	10.00	10.83	11.83	9.67	9.00	9.25	11.67	7.42	12.75	13.50

Tup Rayon [2 Jamaats]

Aiy! Okmotu		Karasaev			
Village					
Jamaat		Ak shoola	Alban		
Registration		2003	1996		
# of Members		7 (F5, M2)	6 (F3, M3)		
Production		felt, souvenir & dowry	herb cultivation	live stock	grain cultivation
IK Brand Appropriateness	PIU	14	20	7	9
	JICA ET	30	26	5	10
Experience in target production	PIU	16	16	9	11
	JICA ET	34	26	7	9
Support from LSG (OSA, Rayon, AO)	PIU (3)	18	0	0	0
	JICA ET	35	2	2	2
Future view of development	PIU	16	18	11	11
	JICA ET	30	26	10	10
Total		193	134	51	62
Average	PIU	16.00	13.50	6.75	7.75
	JICA ET	16.13	10.00	3.00	3.88
	Average	16.08	11.17	4.25	5.17

Table 2.7 Scoring Sheet for the 3rd Shortlisting of 2nd Cycle Pilot Villages/Communities (2/2)**Jeti-Oguz Rayon [22 Jamaats] (1/2)**

Aiyl Okmotu	Barkoon								Jeti-Oguz		Darkhan		
Village	Barkoon								Jeti-Oguz	Chyrak	Darkhan	n/a	Jargylchak
Jamaat	Ak Orgo (Ltd. Company)			Aziine		Jashtyk Kol not registered	Karakolka Uzdarv	Onor bulagy	Asylzat	Kelechek	Ak Peiyl	Ai Danek	Ak Tilek
Registration	28/02/95			24/10/05			13/03/06	11/03/04	Apr-04	Jun-06	27/10/08	27/10/08	02/02/06
# of members	24			15		7	8	6	4	10	3	5	6
Production	boz ui	handicraft	willow basket	handicraft	animal skin processing	handicraft	handicraft	handicraft	handicraft	handicraft	fruit processing	fruit processing	handicraft
IK Brand Appropriate- ness	PIU	14	14	14	14	14	12	12	12	12	10	16	12
	JICA ET	12	31	29	22	23	32	20	32	23	21	22	21
Experience in target production	PIU	20	20	20	14	14	8	14	16	12	18	6	10
	JICA ET	33	31	23	12	20	26	18	32	20	21	9	7
Support from LSG (OSA, Rayon, AO)	PIU	12	12	12	12	12	14	12	14	0	10	16	18
	JICA ET	23	23	23	15	18	23	24	27	2	14	25	33
Future view of development	PIU	20	20	20	14	14	16	16	16	14	12	12	14
	JICA ET	24	28	28	20	25	31	26	31	10	14	12	16
Total	158	179	169	123	140	162	142	180	93	120	118	124	143
Average	PIU	16.50	16.50	16.50	13.50	13.50	12.50	13.50	14.50	9.50	12.50	12.50	13.50
	JICA ET	11.50	14.13	12.88	8.63	10.75	14.00	11.00	15.25	6.88	8.75	8.50	10.88
	Average	13.17	14.92	14.08	10.25	11.67	13.50	11.83	15.00	7.75	10.00	9.83	11.92

Jeti-Oguz Rayon [22 Jamaats] (2/2)

Aiyl Okmotu	Kyzyl-Suu	Lipenka	Orgochor			Saruu		Tamga				Yrdyk	
Village		Ichke- Bulino	Boz-Beshik	Orgochor		Saruu		Tamga	Tosor	n/a	n/a	Jon-Bulak	Baltabai
Jamaat	Bereke	Onor Bulagy	Shirin	n/a		Ainura	Uz Cheber	Ak Chii	Erbol	n/a	Almaz Botajiev	Asem	Shoola
Registration	15/10/04	30/06/05	2008/7/15	20/07/08		01/10/00	12/07/06	2004	18/05/07	2006	2005	05/05/04	2004
# of members	6	5	5	3 (F(1) M(2))		2	4	5	5	5	3	10	6
Production	handicraft	handicraft	jam	wool/cotton processing	brick production	sewing	handicraft	handicraft	handicraft	pelmeni	wood processing	confec- tionerv	handicraft
IK Brand Appropriate- ness	PIU	10	10	18	8	6	8	10	10	12	6	6	8
	JICA ET	18	18	36	12	8	11	19	15	23	9	14	11
Experience in target production	PIU	10	6	16	14	14	10	12	12	8	12	10	20
	JICA ET	23	19	31	21	25	22	19	23	25	24	29	35
Support from LSG (OSA, Rayon, AO)	PIU	12	14	12	0	0	3	12	20	18	20	0	18
	JICA ET	27	35	17	2	2	31	24	33	33	36	33	31
Future view of development	PIU	10	12	16	16	16	12	12	12	8	10	10	20
	JICA ET	20	18	34	18	18	14	14	14	20	18	12	30
Total	130	132	180	91	89	111	122	139	157	127	127	95	195
Average	PIU	10.50	10.50	15.50	9.50	9.00	8.25	11.50	13.50	14.00	10.00	12.00	18.00
	JICA ET	11.00	11.25	14.75	6.63	6.63	9.75	9.50	10.63	12.63	10.88	9.88	15.38
	Average	10.83	11.00	15.00	7.58	7.42	9.25	10.17	11.58	13.08	10.58	10.58	16.25

Table 2.9 Costs Spent for Renovation Work (2nd Cycle)

CB O	Expenses (in som)					Source of finance		
	Renovation Works*	Materials	Transportation	Unforeseen expenses (15%)	Total	CBO	J-CEP (incl. 15 %)	AO
Ak Shoola	19,108	81,280	1,000	3,010	104,398	68,788	23,075	12,535
Onor Bulagy	14,780	33,340	2,000	5,532	55,652	13,240	42,412	0

* The expenses for the total renovation works includes the necessary facility such as wool carding machine in case of CBO Ak shoola, which the CBO was granted before from other donor assisting agency.

*All CBOs rent premises for free of charge from AOs. In addition to the premises, some furnitures and fund was given for free of charge in Tasma village.

Annexed Figures

Figure 2.1 Operation Flow Chart

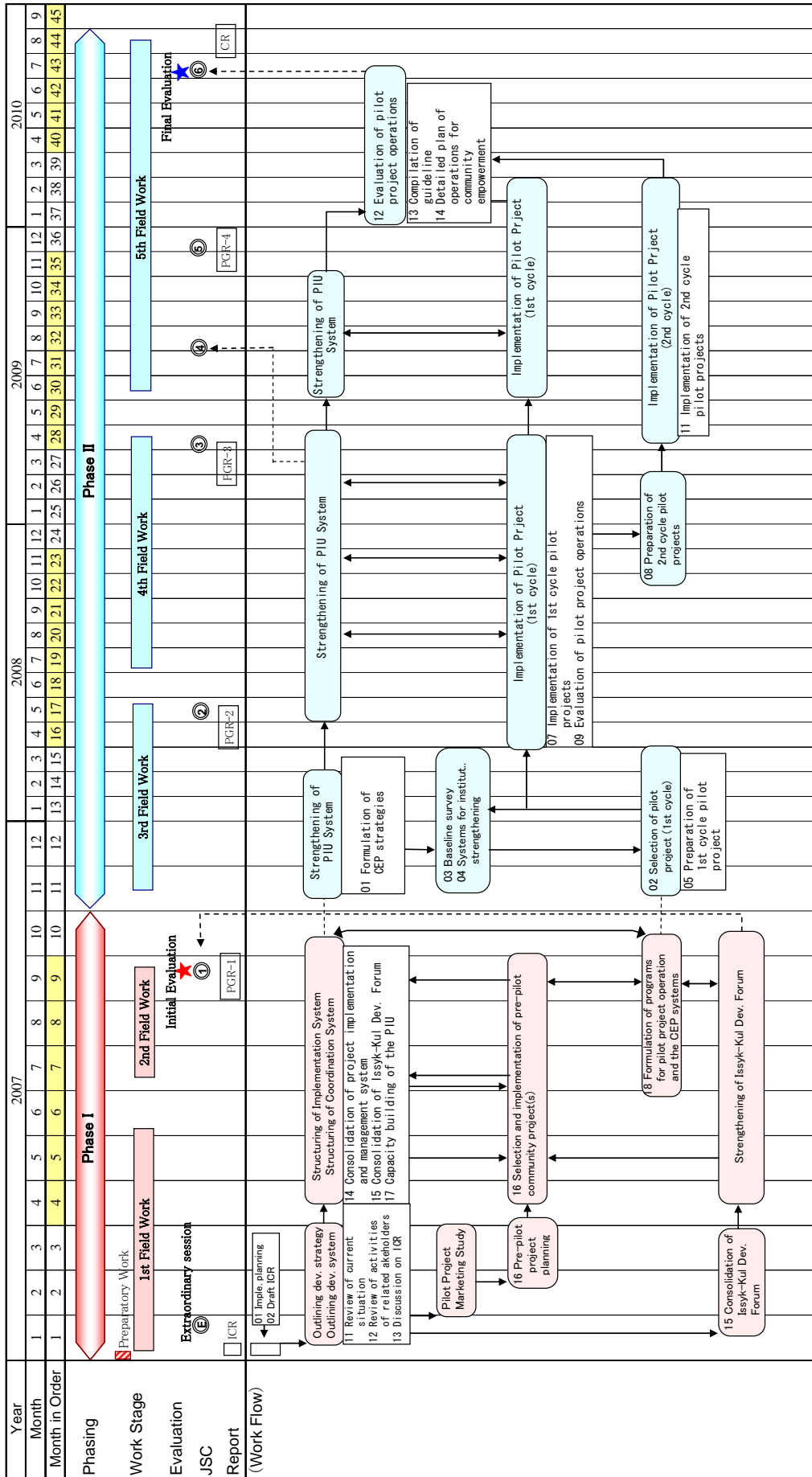


Figure 2.2 Image of OVOP Potential Map

