**CALL FOR APPLICATIONS (CFA)**

PROGRAMME TO DEVELOP AGRICULTURAL VALUE CHAINS IN NARYN AND IN SOUTH KYRGYZSTAN

**Background**

The USAID Agro Horizon Project promotes economic growth by increasing employment in the agricultural sector, especially for women and youth, while improving the availability of nutritious foods and increasing the market share of the targeted crops in both domestic and foreign markets. The Agro Horizon Project is a key component of USAID/Kyrgyz Republic (KR)’s overall economic development program designed to accelerate diversified and equitable economic growth in KR.

The geographic focus areas of Agro Horizon comprise the regions (oblasts) of Osh, Batken, and Jalalabad in southern Kyrgyzstan, and the Naryn region in the north. With a focus on these four regions we engage actors in other locations that have market links to production in the target regions or the potential to strengthen competitiveness of the entire value chain for domestic or regional markets.

To sustainably reduce poverty and promote agricultural economic growth, Agro Horizon will:

1. Increase productivity of agricultural producers and link them to markets (Task 1)

2. Increase productivity and markets for agribusinesses (Task 2)

3. Improve enabling environment for agriculture sector growth (Task 3)

4. Improve nutritional status of women and children in the zone of influence (ZOI) (Task 4)

The Agro Horizon project’s programming employs a market systems approach that is market-driven, private sector led, and promotes inclusive value chains development.

**Priority Value Chains & General Approach**

Agro Horizon will work to improve the livestock (meat and dairy), fruits, berries, and vegetable value chains by developing each segment of the value chain as well as its support markets, such as the feed industry in the case of livestock and the fruit nursery business in the case of fruits.

Livestock is a sub-sector involving several value chains: cattle dairy value chain (including fresh milk), meat (cattle, poultry and small ruminants), live animals (cattle and small ruminants) and eggs. All these value chains are impacted by the feed industry. The project will work on the cattle dairy and meat value chains. Feeds has a critical function in developing competitiveness of these value chains. Meanwhile, feed ingredients such as maize, soybeans and fodder determine the competitiveness of feeds to a huge degree. The project will work on these critical components of the livestock market system that are important to the development of the cattle dairy and meat value chains.

In developing supply chains for open sourced products, the project will not focus on specific fruits. It will instead focus on developing logistics facilities for products traded through the same supply chain. For example, fresh apples, peaches, and various other fresh fruits and vegetables go through the same supply chain. However, dried products go through another supply chain. Hence, support to the development of the downstream side of the value chains will not be product specific, but will be based on gaps in the supply chain that when addressed, will boost the market pull for the agricultural products passing through that supply chain.

**Focus Activities**

1. Expand markets for smallholder farmers by attracting investors to establish buyer platforms in the project’s zone of influence. These buyer platforms will be in the form of processing, logistics, consolidation and similar facilities. Large buyers of raw materials are concentrated in the north, specifically, Chui Oblast. Agro Horizon will leverage the project fund to generate investment in the south and in Naryn.
2. Increase the productivity and expand the markets of processors and other agribusinesses already existing in the project’s zone of influence through equipment, systems and human resource improvement and marketing support, including product development/diversification, packaging and branding.
3. Support productivity improvement at the farm level based on market requirements and ensure appropriate logistics and supply chain are established between farmers and buyers supported under Tasks 1 and 2 such that sustainable and strategic partnerships are promoted.
   1. Support the establishment and capacity building of service providers that will offer responsive technical services in a business-oriented way.
   2. Promote advisory/extension service provision that is less dependent on donors; and promote payment based on value-added results.
   3. Promote embedded financing as a leverage for strategic partnership between farmers and buyer.
4. Work with lead firms that have demonstrated business capability in developing firm-based agricultural value chains that may or may not be within the livestock, fruits and vegetable value chains; the lead firm will provide co-investment in the development of the supply base and the processing or logistics facility, and will take responsibility for the marketing of the product.
5. Reduce barriers to access markets through market regulations and requirement awareness campaigns, product quality and production compliance to standards, and improved access to standards certification.
6. Promote women and youth participation in management of agribusinesses in its priority value chains through preferential support to women-/youth-owned and managed SMEs.

**Objectives of the CFA**

The Agro Horizon project is inviting SMEs as well as large companies who have the capacity and are willing to partner with the Agro Horizon Project in implementing its programming focus in order to achieve the objectives of increasing productivity and profitability of farmers and agribusinesses in Osh, Batken, Jalal-Abad and Naryn Oblasts.

Technical and financial support agreements will be negotiated with selected organizations based on the criteria described below. This support must contribute to a significant contribution (in cash or in-kind) that the selected organizations will make. Applications must be submitted in accordance with the format described below.

***Illustrative Areas for Support***

1. **Feed Industry Development**
   1. Production expansion of protein sources such as soybeans, cotton seed cake, safflower seed cake, etc.
   2. Fodder production expansion, processing and storage
   3. Maize production for feeds (silage or grain)
   4. Feed milling and distribution
   5. Feed manufacturing
2. **Winter Milk Production and Quality Improvement**
   1. Seed fund for embedded financing for inputs (feeds, AI and animal care) and extension delivery (technical/advisory services)
   2. Learning centers attached to 2a
   3. Milk collection facility upgrading (cooling tanks and quality testing equipment)
   4. Cold chain
   5. Feed testing laboratory
3. **Beef and processed beef products development for export and domestic markets expansion**
   1. Traceable animal production system
   2. Export oriented slaughter house
   3. Processing facility upgrading
4. **Fruit trees productivity improvement**
   1. Orchard management service provision
   2. Embedded financing through revolving fund for inputs
   3. Client base development – active awareness and promotion campaign to farmers
5. **Berry farms’ productivity improvement**
   1. Seed fund for contract growing and technical assistance
6. **Vegetables productivity improvement**
   1. Seed fund for integrators to be used for embedded financing of inputs and technical assistance
   2. Contract growing
   3. Greenhouses
7. **Machineries and equipment needed for farm productivity improvement, e.g., tractors/cultivators, seeders, harvesters, etc.**
8. **Logistics and consolidation facilities**
   1. Sorting, grading, packing equipment
   2. Cold storage equipment
   3. Equipment needed for storage
   4. Cold chain
9. **Fruit, berry and/or vegetable processing**
   1. Blast freezing
   2. Juice processing
   3. Jam & other preserves
   4. dryers
10. **Market information dissemination to benefit farmers and agribusinesses**
11. **Innovative financing to farmers’ access to financing and lowers the cost of financing**

Other initiatives that may have been missed but can be demonstrated to have potential to contribute to the objectives of the project may still be considered. Any combination of these activities is encouraged. All supported activities must show a business approach that generates profit for the proponent as well as lead to increased incomes for the farming segment of the value chain in a sustainable manner.

***The Agro Horizon Project Fund cannot be used for:***

* Goods that are ineligible under USAID regulations
* Procurement of real property
* Fee for profit

*Note: construction/infrastructure is encouraged to be the applicant’s leveraged fund contribution*

***General Criteria:***

Eligible applicants for this program:

1. Legally registered entities and individual entrepreneurs
2. Have existing commercial (selling, buying, processing, transporting, etc.) activity in the priority value chains and its ancillary businesses
3. Have been in operation for at least the past three years. They must have commercial interest and incentives to invest in the producers they buy from or sell to.
4. Must provide a contribution in the proposed initiative of at least 50% of the cost of the initiative (with substantial cash contribution).
5. Must demonstrate acceptable level of financial, operational and marketing management capability
6. If a previous beneficiary of donor assistance, must demonstrate positive business results and impact on farmers from the assistance.

Ineligible organizations for this program:

1. Political parties, groupings, or institutions or their subsidiaries and affiliates
2. Organizations promoting anti-democratic policies or illegal activities
3. Faith-based organizations whose main deliverables for the activity is of a religious nature

*Note: Organizations who have received substantial assistance from USAID and other donors but have not shown profitable operations are not encouraged to apply.*

*Women and Youth owned/managed enterprises/organizations are encouraged to apply and will be given preferential option.*

***Expected Results:*** While it is expected that participating organizations will benefit from these activities, it is also expected that supported activities will demonstrate a clear linkage to expanding the number of producers the organizations are transacting with, job creation, enhanced access to financing, technical and advisory services, improved revenues for producers, expanded opportunities for women and youth, and expanded markets (domestic and exports) for agricultural products from the priority value chains of Agro Horizon.

***Preparation of Applications***

Agro Horizon support may be given to many different organizations. Agro Horizon will evaluate all applications based on the criteria above, and in the table below. ***Applicants that meet the criteria will be considered for technical and financial support.*** Applicants are invited to discuss their ideas and request advice from Agro Horizon in the preparation of their applications.

**INSTRUCTIONS AND FORMAT**

**Cover Page**

Name and Address of Applicant (address, phone, fax, email)

Date of Submission

Lead Person to Contact

Reference: Agro Horizon Agricultural Sector Development Application

**Proposed Initiatives and Impact (up to 2 pages):**

Clear description of proposed initiatives including how they will contribute to improved competitiveness of the Organization and how they will support producers they source from or sell to, sustainability of their agribusinesses, additional jobs to be created, impact on women and youth, and their improved capacity to access financing.

**Personnel (up to 1 page):**

Describe the names and qualifications of the organization staff who will be responsible for implementing the activities.

**Experience (up to 1 page):**

Brief description of past or current initiatives that organization has conducted similar to those proposed, or why the organization feels it is qualified to successfully conduct the proposed activities

**Sustainability (up to ½ page):**

A clear description of how the proposed initiatives will result in increased and sustainable commercial relationships between the organization and producers, and how the organization will be able to continue these relationships and support to the producers once the programme ends.

**Application submission timelines**

Applications will be accepted starting September 28, 2016. Last day of accepting concept notes will be January 16, 2017 or until funds are depleted. Selection will be done on a rolling basis.

Agro Horizon will work jointly with applicants, whose concept notes have been selected in developing a more detailed proposal/plan and budget which will be the basis of the partnership/grant agreement.

**Budget and Grant implementation timeline**

The grant value will be from US$50,000. Lower amounts will be considered on a case to case basis.

The earliest timing for financial support activities to begin is on **October 14, 2016**. All supported initiatives must be completed by **June 30, 2018**. Interested parties are encouraged to get in touch with the Agro Horizon representative for any question.

Please submit an electronic copy of the application in English to the Agro Horizon representative at email: **gpd@agrohorizon-kg.org**. Please include the name of the lead contact person from the applicant’s organization who will be involved with the application process as well as telephone and email contact information.

**Conditions: Issuance of this call for applications in no way constitutes a commitment by Agro Horizon or USAID to execute any agreement or to pay any costs incurred by any applicant in submitting an application.**

Please note that Agro Horizon **will fully respect the confidentiality** of all organizations involved in the programme. If selected, Agro Horizon will develop a grant agreement with the Organization that describes the objective of collaboration and that clearly defines each party’s respective responsibilities, roles, and obligations. Successful applicants must be willing to share information with Agro Horizon regarding their purchases from or sales to targeted producers. Agro Horizon (on a sample basis) will conduct interviews with these producers to gather information on impact and to monitor progress.

**INSTRUCTIONS FOR COMPLETING THE BUDGET**

Each applicant will prepare a budget using the format below. If possible (though not mandatory) applicant should prepare and send this budget as an additional file in Microsoft Excel format. ***Applicant must contribute at least 50% to proposed costs***. ***Higher contributions are encouraged and will be preferred*** as this shows the commitment and capability of the applicants to follow through with the business.

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| **Activity No.** | **Equipment / Expenses** | **Unit Cost in US$** | **Units** | **Total (USD)** | **Agro Horizon Requested Contribution** | **Partner Contribution** | | **Comments** |
| **Cash in US$** | **In-kind value in US$** |
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Question & Answer forums will be held in the Agro Horizon office in Osh on September 28, 2016 at 9:30am to 12:00 noon, and in the Project Office in Bishkek on September 30, 2016 at 2:00-5:00PM. You may contact Jypar Bekeeva, Director of Grants and Procurement Department on her mobile: +996 770 872 111; Office landline: 0312 986807 ext. 123 for questions about the forums.