



Karakol Orphanage & Micro Credit Projects



Update JUNE 2008

Introduction

Since December 2004 Jean and Hugh have been involved with humanitarian activities in Karakol, Kyrgyzstan. Initially our fund raising activities supported the Karakol Orphanage. In June 2007 we decided to expand our assistance and initiated a pilot microcredit scheme. By November all loans to the pilot projects were repaid so the funds were recycled for new projects and a further injection of funds was also provided.

Many thanks to the many donors, we have again received excellent support from existing donors, The Navan Lions Club, IWC International Women's Committee, (IWC) Bishkek, visiting international Experts, Habitat Volunteers, Zoria Farm, local branch National Security and Local Police. Our sincere thanks to each of you as without your support the orphanage would not be what it is today.

In June '07 we diversified and set up the first microcredit scheme, it is now operating one year and is very successful. A second scheme, targeting women, started in October '07 and the first tranche of funds is now being recycled. To date we have contributed €6,500 to the two microcredit schemes.

A brief update on the progress of the three schemes follows.

Karakol Orphanage

The Karakol Orphanage caters for between 10 and 25 children and does so on a temporary basis as the objective is to get the children returned to their families or extended families. During 2007 23 children were returned to their families and since the orphanage has started it has catered for over 150 children in this manner.

All major renovations have now been carried out at the orphanage. Following the withdrawal of Mercy Corps basic food aid programme to the orphanage we are now in the position of having to fill this gap. However, we are hopeful that in the autumn, after the harvest, local donors will be in a

position to make donations towards these food requirements.

The Navan Lions Club continues their support and has advised us that they will be making a presentation of €2,000 at their annual presentation night on 3rd July. At this stage we see this money being earmarked for operating costs and in particular for the purchase of food. A sincere thanks for your continued support.



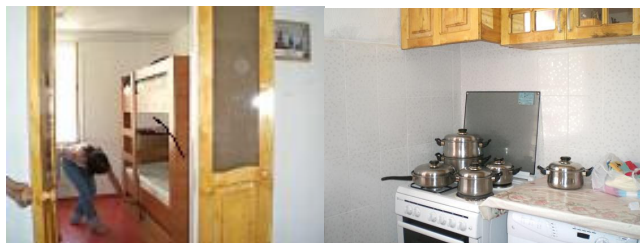
Navan Lions Club - New Calf born December 2007

IWC have been very active in support of the orphanage. Early in May they handed over a cheque for €500 to purchase 1 tonne of seed potatoes.



Tone - IWC meeting at Orphanage

In June the delivery of a lorry load of 'goodies' including 4 sets of bunk beds, double bed, bedding, clothes, toys, television, kitchen equipment, garden play set.



One of the bunk beds and pots donated by IWC

Some of these items were kindly passed on to them by another NGO, Tien Shan Foundation. The transport was generously provided by the Kumtor Mine. We cannot thank these ladies enough for their wonderful generosity.



Play Equipment provided by IWC & Group Photo

Following a visit to the orphanage by Hugh & three colleagues from EU sister project they went to a local restaurant where they had a chance meeting with about 15 Habitat volunteers who had been building houses in Barskoon Village.



Habitat Volunteers arriving with supplies

They were very interested in visiting the orphanage so Hugh arranged to visit the orphanage next day and they came laden with boxes of supplies, vegetable oil, flour, washing powders, toothpaste, toys, colouring books etc. This was indeed a very fortuitous encounter.

Continuing donations from the Marathon have provided significant contributions to food and operating costs.

Our future daughter-in-law, Jen, participated in the Glasgow mini Marathon in May and raised €220

equivalent to almost a month's food requirements for the orphans.



Thank You Jen, Stephen and Dominique

Funds were also received from Hugh's EU colleagues Stephen & Dominique. We are also very grateful to the local sponsors, especially Zoria Farm for providing seed potatoes, and the local branch of National Security who organised a very enjoyable day's outing for the children. The Chief of local Police provided one bag of flour for Children's Day.

One of our orphans, Jyldyz suffers from Epilepsy and is being treated locally. Her medication costs €60 per month. Last week we visited the orphanage with Dr. Enric, a visiting EC consultant, who spoke with Jyldyz and has advised us that her treatment should be reviewed as she is still suffering 3 episodes per week. Maripa, one of Hugh's local experts, has advised that she knows a Consultant in Bishkek who we will now try to get an appointment with.

Sustainability: Great progress has been made towards the goal for the orphanage to be self financing - with the planting of 3 Tonne of quality seed potato with an estimated yield of 20 T. Proceeds from the sale of this crop (minus 3 T held back for seed next year and also 3 T for orphanage consumption) should contribute significantly to the operating costs for next year. In addition, the sale of the first calf (at approx 24 mths) will also contribute to this goal of sustainability. Another calf born in December will be ready for sale at the end of 2009. Furthermore, the IWC have agreed to sell jams produced from the orphanage fruit garden.

Outstanding Projects for 2008

- Establishing the playground
- Byre for cow & calves
- Chicken coup
- Study Room
- Signage

Caution is being used regarding expenditure due to our ongoing concerns regarding finance of food requirements and medical costs for Jyldyz

Karakol Micro Business Fund – Tumar

This company has been now officially registered with the Ministry of Justice and has received accreditation from the Kyrgyz National Bank. This is a major step forward and will enable the fund to work within the broader microcredit environment.

The microcredit scheme has proved to be very successful for a number of reasons:

1. Expertise and enthusiasm of the Management Team which includes Hugh's former Microcredit Specialist and Agriculture Specialist. Technical and business advice is also provided to all clients.
2. The experts are from the local area and are familiar with business opportunities and with the clients.
3. On the commercial side of microcredit business the experts have undertaken a survey of business opportunities and potential of local clients and have identified a niche market for short term loans for the purchasing of stock.
4. Credit is instant and can be granted in one day unlike other sources of microcredit available locally that takes up to one week and banks can take up to one month. This credit is geared to clients needs.

Currently there are 21 commercial projects and 11 social projects. Loans vary from €100 to €500.



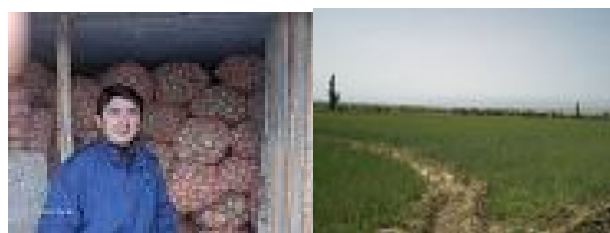
Karakol Grocery Store and Quick Grill Outlet

To date all loans have been repaid on schedule and rolled over to new and existing clients.



Grocery Store & Calf Rearing Clients

One major success story is our very first loan, made during the pilot stage, for the production of potatoes. Solomon, the son of a blind couple wanted to plant seed potatoes in the family plot but had difficulty raising funds.



Solomon with his 2007 harvest and 2008 crop

The scheme provided 5,000 som (€100). This year he applied for a loan of 15,000 som (€300) for crop production with a significant return expected. In addition Solomon received some short term microcredit loans to fund a small scale meat business. Solomon is now able to support his parents and has developed a viable and growing business.

We visited over half a dozen projects in this scheme on our recent trip to Karakol. It was very beneficial to be able to speak to the recipients and hear firsthand how these loans have enabled their business ventures to grow. Many were delighted with the opportunity of instant short term finance, that is critical to many of these small ventures. The management team have done a wonderful job of assisting these clients not only with provision of credit but also with technical and business advice.



Typical Kyrgyz transport in Jety Ogyz

We are very appreciative of the support and supervision provided by Hugh's former colleagues in Issyk-Kul Consult and their dedication is fundamental to the success realized so far.

Karakol Microcredit for Women

Jean and I were keen to focus some of the microcredit specifically for women's activities and we felt that this was best done through support to a small microcredit scheme managed by a very dynamic lady who runs a NGO (Hugh's former Tacis Project worked very successfully with this lady).

Since October 2007 almost €3,000 has been donated for funding activities of women in several women's groups - activities included purchase of materials for sewing and other handicrafts, in addition to loans for calf rearing, cow purchase and production of homemade speciality meats.



Hugh with Women's Group Baltabai Village
& Baktygul Clothes Factory

Mid June we visited many of these projects to see at firsthand how they were progressing and were suitably impressed. We learned that two particular groups had been assisted by a World Bank Project Iris with the refurbishment of buildings in two villages and the donation of sewing machines and over-lockers. However, there was a need for working capital and this is where Sonun was able to direct our funding. Many of these women have repaid initial loans and have applied for a second round as business is now growing.



Commissioned Wall
Hanging

Cow Purchase Client

This microcredit organisation is also fully registered since June 2004 and will hopefully go from strength to strength.

Other Business

We were hoping to expand our activities to provide assistance to Karakol Hospital in the form of medical equipment, beds etc. We were introduced to Bobby Jones and the work of East European Aid Ireland. However, having had various meetings in Kyrgyzstan with both Karakol & Aksuu Hospitals it became clear that although they showed initial enthusiasm this was not followed through with specific requests for equipment. As we received no official response we had no other option but to decline East European Aid's kind offer.

Last Word

As you can see a lot of progress has been made since our last update in March. We are very encouraged by our recent visit to Karakol with progress clear at the orphanage and the two microcredit schemes. Our dream of attaining sustainability for the orphanage within the next five years is on track. The sustainability of the microcredit scheme, Tumar, has certainly moved up a notch with its registration, however, the loan funds for both schemes will have to grow quite substantially to enable the management teams to earn a realistic salary to sustain their viability. More funds are thus needed.

We would like to thank all who have continued to support us as well as new contributors to these very worthwhile humanitarian projects. Without you all none of this would be possible.



Sleeping Beauties & Jean with some of the Children

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