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RESTRUCTURING PAPER
ON A
PROPOSED PROJECT RESTRUCTURING
OF
AGRIBUSINESS & MARKETING PROJECT (P049724)

CREDIT 4015-KG
PHRD TF053554

DECEMBER 14, 2004

TO THE
KYRGYZ REPUBLIC

NOVEMBER 19, 2012

AGRICULTURE AND RURAL DEVELOPMENT
SUSTAINABLE DEVELOPMENT DEPARTMENT
EUROPE AND CENTRAL ASIA REGION

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ABBREVIATIONS AND ACRONYMS

ABCC	Agribusiness Competiveness Center
FTTC	Food Technology Training Center
KSTU	Kyrgyz State Technical University
PDO	Project Development Objective
PFI	Participating Financial Institution
PHRD	Policy and Human Resources Development Grant

Regional Vice President:	Philippe Le Houérou
Country Director:	Saroj Kumar Jha
Sector Manager / Director:	Dina Umali-Deininger
Task Team Leader:	Talaibek Koshmatov

KYRGYZ REPUBLIC — AGRIBUSINESS & MARKETING PROJECT
P049724
CREDIT 4015-KG; TF053554

Restructuring Paper

1. The closing date for the Kyrgyz Republic, Agribusiness and Marketing Project (Credit 4015-KG, TF053554; P049724), both in respect of the IDA financing and PHRD-provided financing, is proposed to be extended from November 30, 2012 until March 31, 2013.
2. The Kyrgyz Republic Agribusiness and Marketing Project, financed by an IDA Credit (US\$8.1 million) in combination with a PHRD Co-financing Grant from the Government of Japan (US\$4.75 million), was approved on December 14, 2004 and became effective on May 02, 2005. Of the IDA Credit, 92.3% and 100% of the PHRD Grant have been disbursed. The Project works directly with private enterprises and producer and other commercial organizations to improve the competitiveness of Kyrgyz products. Most of the project's activities were completed by June 30, 2012, with good results contributing towards achievement of the Project's Development Objective (PDO).
3. The project has assisted 42 agro-processing enterprises with improvement of technological processes, marketing, sales, and financial management and accounting. Some 68 new products were introduced in client enterprises contributing to increase in sales and profits. The Market Development Service (MDS) facilitated 142 trade deals resulting in sales of 54,000 tons of products with a total value of US\$17.5 million, of which 89% went to the export market. In addition, the MDS has provided information and consulting services to 1,971 clients. Under the credit line, 81 borrowers (including 11 cooperatives) have received sub-loans in the total amount of US\$5.03 million, and additionally 27 sub-loans in the total amount of US\$1.73 million have been financed by the Participating Financial Institutions (PFIs) from reflows. Overall investments in the agribusiness sector generated through the credit line amount to about US\$14.8 million.
4. At this time, only activities related to the establishment of the Food Technology Training Center (FTTC), which is being set up at the Kyrgyz State Technical University (KSTU), are still on-going and require extension of the project's closing date.
5. The reason for this extension is the delays experienced during the procurement of equipment for the FTTC. It was necessary to re-tender equipment for the dairy, cereals and fruits & vegetables processing lines for an approximate value of US\$ 0.5 million. The initial tender resulted in limited number of offers far exceeding the available budget. The revised composition of lots has resulted in successful selection of a supplier for the dairy and cereals processing lines. Only more time is required for contracting, delivery and installation. This extension will equip the FTTC to train university students and private companies from the agriculture processing sector on modern technologies in food processing and food safety. Non-extension of the project closing date would leave the FTTC incomplete, after about US\$ 360,000 of project funds spent on civil works for the reconstruction of the building.

6. The project rating on financial management is “Satisfactory” and the project has no audit reports pending.

7. This will be the fourth project restructuring and the fourth extension of the project. The total period of extension is 2 years and 3 months.