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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
FEBRUARY 19, 2013

ABBREVIATIONS AND ACRONYMS

FTTC	Food Technology Training Center
IDA	International Development Association
KSTU	Kyrgyz State Technical University
PDO	Project Development Objective
PHRD	Policy and Human Resources Development Grant

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KYRGYZ REPUBLIC – AGRIBUSINESS & MARKETING PROJECT

P049724

CREDIT 4015-KG / PHRD TF053554

Restructuring Paper

1. Proceeds for the Kyrgyz Republic, Agribusiness and Marketing Project (P049724), Cr.4015-KG will be reallocated as follows:

Category of Expenditure		Allocation, SDR		% of Financing	
Current	Revised	Current	Revised	Current	Revised
(1) Public Sector Investments	(1) Public Sector Investments	637,000.00	980,368.25	100%	100%
(2) Goods	(2) Goods	61,131.75	61,131.75	100%	100%
(3) Consulting services, training and audit	(3) Consulting services, training and audit	430,800.00	195,000.00	100% of local expenditures; 90% of foreign expenditures	100% of local expenditures; 90% of foreign expenditures
(4) Sub-loans	(4) Sub-loans	3,350,000.00	3,347,600.00	100% of eligible Sub-loans disbursed by the PFIs by December 31, 2006, and 80% thereafter	100% of eligible Sub-loans disbursed by the PFIs by December 31, 2006, and 80% thereafter
(5) Operational costs	(5) Operational costs	491,868.25	415,000.00	100%	100%
(6) Undistributed	(6) Undistributed	0.00	0.00		
(7) Sub-grants	(7) Sub-grants	529,200.00	500,900.00	100%	100%
Total		5,500,000.00	5,500,000.00		

2. The Kyrgyz Republic Agribusiness and Marketing Project, financed by an IDA Credit (SDR 5.5 million, US\$8.1 million equivalent) and 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 2, 2005. Currently, 92.3% of the IDA credit and 100% of the PHRD Grant have been disbursed.

3. Most of the project activities were completed by June 30, 2012, with good results contributing towards achievement of the Project's Development Objective

(PDO). 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. Establishment of the FTTC will improve the capacity and knowledge of the country's food technologists and enable the agribusiness sector to meet the increasing consumer demand for high quality and safe food products. To ensure timely completion of these activities, the project's closing date was extended to March 31, 2013. Significant progress have been achieved to date: the refurbishment works of the building which will house the FTTC have been completed, FTTC's Supervisory Board has been established and held the first meeting, Director has been hired, and staff training is underway.

5. The proposed reallocation is necessary to ensure that sufficient budget is available to complete the establishment of the FTTC. A detailed budget has been agreed with the counterparts and serves as the basis for this reallocation. Under this reallocation, all amounts remaining unused under the various disbursement categories will be reallocated to the (1) Public Sector Investment Category.

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

7. This will be the fifth restructuring of this project.