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RESTRUCTURING PAPER
ON A
PROPOSED PROJECT RESTRUCTURING
OF
AGRIBUSINESS & MARKETING PROJECT

CREDIT 4015-KG
PHRD TF053554

DECEMBER 14, 2004

TO THE
KYYRGYZ REPUBLIC

DECEMBER 20, 2011

ABBREVIATIONS AND ACRONYMS

ABCC	Agribusiness Competitiveness Center
CLMU	Credit Line Management Unit
FTTC	Food Technology Training Center
IDA	International Development Associations
IP	Implementation Progress
PDO	Project Development Objective
PHRD	Policy and Human Resources Development Grant
TA	Technical Assistance
TF	Trust Fund

Regional Vice President:	Philippe Le Houerou
Acting Country Director:	Alexander Kremer
Sector Manager / Director:	Dina Umali-Deininger/Laszlo Lovei
Task Team Leader:	Sandra Broka

**KYRGYZ REPUBLIC
AGRIBUSINESS & MARKETING PROJECT**

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*KYRGYZ REPUBLIC — AGRIBUSINESS & MARKETING PROJECT,
P049724, CREDIT 4015-KG, PHRD TF053554*

Restructuring Paper

1. The closing date for *Kyrgyz Republic, Agribusiness & Marketing Project, Credit 4015-KG, P049724* will be extended from December 31, 2011 until June 30, 2012. At the same time, the *PHRD Co-financing grant TF053554* for the project will also be extended until June 30, 2012.
2. The Kyrgyz Republic Agribusiness and Marketing Project, (IDA Credit of US\$8.1 million and a PHRD Co-financing Grant of US\$4.75 million) was approved on December 14, 2004 and became effective on May 2, 2005. To date, 71% of the IDA Credit has been disbursed, and 87% of the PHRD Grant. Overall, the project continues to achieve good results. Most of the outcome indicators have been already achieved, and the remaining ones continue to be achievable. The project has assisted 44 agro-processing enterprises with improvement of technological processes, marketing, sales, and financial management and accounting. Profits in the different client companies have increased by 25% - 91%, and sales by 15%-169% in different years. 109 trade deals (41,770 tons of products for US\$14.7 million) have been facilitated, of which 92 % went to export markets. Under the credit line, 93 sub-loans have been extended in the total amount of US\$6.05 million, with overall investments in the agribusiness sector generated through the credit line reaching US\$10 million. The project's Financial Management is rated *Satisfactory*. The audit reports for 2010 with an unqualified (clean) opinion and the accompanying project financial statements were received on time and were acceptable to the Bank.
3. However, the ratings of both the project implementation (IP) and achievement of the development objectives (PDO) remain *Moderately Satisfactory* since their downgrading after the May 2011 mission. The lower ratings are driven by the slower than expected progress in implementation of two important activities: (i) creation of the Food Technology Training Center (FTTC) (Public Sector Investment subcomponent, total budget of US\$850,000), and (ii) matching investment grant program (the Cooperatives Support subcomponent, budget of about US\$800,000).
4. The proposed extension is necessary in order to complete the two activities described in paragraph 3 above, which would significantly contribute to upgrading the project to fully satisfactory both for IP and PDO achievement. An action plan has been agreed with the ABCC (the implementing unit for the TA component) on the establishment of the FTTC, which is being closely monitored. Disbursements of the cooperative matching grants, which is under the responsibility of the CLMU (the implementing unit for the credit line component), is also being closely monitored (as of today, grants in the amount of US\$164,000 have already been approved).

5. This will be the second extension of the project, the original closing date was
December 31, 2010.