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RESTRUCTURING PAPER
ON A
PROPOSED PROJECT RESTRUCTURING
OF THE
AGRIBUSINESS & MARKETING PROJECT
CREDIT 4015-KG
December 14, 2004
TO THE
KYRGYZ REPUBLIC

December 16, 2010

ABBREVIATIONS AND ACRONYMS

ABCC	Agribusiness Competitiveness Center
ABMP	Agribusiness and Marketing Project
DCA	Development Credit Agreement
ITA	International Technical Assistance
MDS	Market Development Service
PDO	Project Development Objective
PFI	Participating Financial Institution
PHRD	Policy and Human Resources Development Grant

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**ANNEX 3:
Extension of Closing Date**

**KYRGYZ REPUBLIC
AGRIBUSINESS & MARKETING PROJECT (P049724)
CREDIT NO. 4015-KG**

Restructuring Memo

1. The closing date for the *Kyrgyz Republic Agribusiness and Marketing Project, Credit No. C4015-KG, P049724*, will be extended from December 31, 2010 to December 31, 2011.

2. Overall, the project is progressing well¹, although the pace of project disbursements has been slower than originally anticipated primarily due to periodic political events and uncertainties which impacted the project implementation. Of the IDA Credit, 65% have been disbursed to date, and 72% of the PHRD Grant. The second phase of International Technical Assistance (ITA-2) is progressing well. ABCC continues to monitor the markets, identify the trade and administrative barriers and develop proposals for their mitigation or elimination. MDS continues to successfully facilitate the trading and promotion of Kyrgyz agricultural products both domestically and abroad (1,216 client contacts have been facilitated on various matters). Eighty one agribusinesses have been financed for a total of US\$ 5.5 million (including reflows). An extensive training program of loan officers of commercial banks has also been provided under the project.

3. The proposed extension is necessary for the following reasons:

- (i) *Satisfactory Completion of Ongoing/Pending Activities.* The critical ongoing and pending activities include: (a) the ongoing ITA contract for 25 agribusinesses; (b) establishment of the Food Technology Training Center at the Kyrgyz Technological University; (c) strengthening the capacity of the ABCC to assist agribusinesses in establishing effective value chains; and (d) full disbursement of the agribusiness credit line (about US\$1.2 million still available).
- (ii) *Ratification and Implementation of Amendment to the ABMP Development Credit Agreement (DCA).* In July 2009, the Bank restructured the project to streamline the PDO and introduce a cooperative matching grant program in the amount of US\$0.78 million. The Amendment to the DCA was countersigned by the Ministry of Finance on July 1, 2010, however, the political turmoil of the mid-2010 has delayed ratification of the Amendment. A project extension would thus provide the time needed for ratification of the Amendment to the DCA and undertake the implementation of the grant program.
- (iii) *Use of Cost-Savings under the Project.* As the project incurred savings through an increased use of local consultants vis-à-vis international consultants, about US\$0.7 million of PHRD grant remains available for increased support to the agribusiness sector.

4. This will be the first extension of the project.

¹ However, project's IP rating has been downgraded to Moderately Satisfactory due to delays with the implementation of the cooperatives support program under the restructured project stemming from delays with the ratification of the respective Amendments to the DCA.

