

Document  
of the EurAsEC  
Anti-Crisis Fund  
# 00005

The Eurasian Development Bank  
Manager of the EurAsEC Anti-Crisis Fund Resources

Evaluation Report

on the Preliminary Application  
of the Kyrgyz Republic for an Investment Loan  
Financed with Resources of the EurAsEC Anti-Crisis Fund for  
*the Bishkek-Osh Road Rehabilitation Project, Phase IV*

of US\$ 50 million

November 2012

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**Kyrgyz Republic**  
Fiscal year: January 1 – December 31

**Currency and equivalent units**  
As of December 1, 2012

Currency unit	Som
1 Russian ruble	
1 Kazakhstani tenge	
1 US dollar	
1 Euro	

**Abbreviations**

ACF, the Fund – the Anti-Crisis Fund of the Eurasian Economic Community  
ADB – the Asian Development Bank  
CIS – the Commonwealth of Independent States  
EDB, the Manager – the Eurasian Development Bank  
EurAsEC – the Eurasian Economic Community  
FS – feasibility study  
GDP – gross domestic product  
GNI – gross per capita income  
IDBs – international development banks  
IFOs – international financial organizations  
KR – the Kyrgyz Republic  
WB – the World Bank Group

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## 1. LOAN TERMS SHEET AS PER MANAGER'S RECOMMENDATION

Borrower	Kyrgyz Republic
Responsible agency	Ministry of Transport and Communications of the Kyrgyz Republic
Size and terms of financing	<p>Requested amount of ACF financing: US\$ 50 million. The total financing for Phase IV of the Bishkek-Osh Road Rehabilitation Program is US\$ 120 million.</p> <p>Interest rate: 1 %.</p> <p>Risk premium: the size will be established after the detailed Project FS is prepared.</p> <p>Front-end commission: none.</p> <p>Commitment charge: none.</p> <p>Maturity, including the grace period: 20 years.</p> <p>Grace period for loan principal repayment: 8 years.</p> <p>Grant element: 39.38 %.</p> <p>Project co-financing by the Borrower: US\$ 10 million (20 % of the ACF loan).</p> <p>Recommended financial terms can be revised in the process of the project preparation, taking into account the need to ensure long-term debt sustainability of the KR and provisions of the IMF-supported program of the KR Government.</p>
Operation type	Investment loan co-financed by the ADB.
Sector	Transport
Key performance indicators	Travel time improvement, increased capacity of the upgraded road sections, and improved traffic safety.
Main objective	Retrofitting the road surface at two sections of the road will support the in-country transit capacity, as well as the potential to export products by automobile transport while ensuring the required level of traffic safety.
Project company	Ministry of Transport and Communications of the Kyrgyz Republic as the Implementation Unit, where the Investment Project Implementation Group has been created.
Key risks and their mitigation	<p>The project is a subject to project, environmental, social, legal, and fiduciary risks.</p> <p>To mitigate the risks, the Manager proposes to clarify with the Asian Development Bank in the process of the FS preparation the prospects of using regulatory documents of the EDB and the ADB on compliance control and safety, engaging independent technical expertise, procurement policy application, and impact on the environment and social setting, and clear the monitoring mechanism for the area where Phase IV of the Bishkek-Osh Road Rehabilitation Program is implemented.</p>

## 2. MANAGER'S APPRAISAL OF PRELIMINARY APPLICATION

The present Evaluation Report concerns the preliminary application of the Kyrgyz Republic (hereinafter referred to as the Applicant) received by the Bank on November 20, 2012 by letter # 16-1-2/1196 (hereinafter referred to as the Application) for an investment loan financed with the ACF resources (hereinafter referred to as the Loan) in the amount of US\$ 50 million. The key declared objective of the Loan is to co-finance the *Bishkek-Osh Road Rehabilitation Program, Phase IV* (jointly with the Asian Development Bank) (hereinafter referred to as the Project).

Section three of the document contains substantiation of the Evaluation Report on the preliminary application prepared by the ACF resource Manager (hereinafter referred to as the Manager).

Having considered the Application, the Manager offers the following recommendations and conclusions for consideration of the ACF Council:

*The Application is formalized in line with the requirements of the Fund.* The level of the Application preparation—in terms of availability of the information needed to perform the appraisal, and availability of justification documents needed for making a preliminary decision on the level of project preparation—is satisfactory.

*The Application is consistent with the Fund's objectives, directions for provision of financing, the procedure and terms for Fund resource provision set out in the Treaty on the Establishment of the Fund, the Fund Statute, Regulation on the use of ACF resources for providing investment financing, and decisions of the Fund Council.*

*The Project is consistent with the Fund's objectives.* Implementation of the Project will promote long-term sustainability of the Kyrgyz economy. Upkeeping the transport infrastructure while the budget allocations for its maintenance are extremely limited, is a prerequisite for ensuring sustainable economic growth in the republic, improving the living standards of the population, expanding the opportunities to engage in EurAsEC integration developments.

*The Kyrgyz Republic has complied with all the commitments set out in the Treaty on the Establishment of the Fund, the Fund Statute, and decisions of the Fund Council.* The commitment to pay in the initial cash contribution was fully met. According to the information available to the Manager, the Kyrgyz Republic has no unsettled debt to the Fund member states or to the core international financial organizations. Relevant justification letters will be received as of the date the Fund Council adopts a decision on extending the Loan. The Kyrgyz Republic has not received loans from the Fund's resources up to now, and the amount requested is within the limit of the Kyrgyz Republic access to Fund resources.

To ensure proper control over the quality of the project documentation and efficient use of the resources, the Manager will cooperate with the Asian Development Bank, which has allocated US\$ 1 million in the framework of technical assistance to the Kyrgyz Republic Government to prepare the FS for the *Bishkek-Osh Road Rehabilitation Program, Phase IV*, including the road section to be upgraded using the ACF resources.

At the same time, in accordance with the practice of preparing EDB investment loans, the Manager will need an additional budget of up to US\$ 100 thousand to appraise the FS, prepare the loan agreements, and perform procurement in the framework of the Project.

*In accordance with the Agreement on the Management of ACF Resources, the Manager must manage procurement of goods, work, and services using the Fund's resources in line with its own procurement rules and procedures and include commitments on compliance with the aforementioned procurement procedures by recipients of the Fund's resources into Agreements on Providing Fund Resources.* The Manager is currently completing preparation

of its own procurement rules and procedures, and is developing the rules of spending resources while planning to introduce them by the date of the Project preparation completion to be applied thereafter. The Manager's procedures will provide for an opportunity to use procurement procedures of other IDBs in the framework of ACF projects. Thus, to ensure the application of competitive and transparent procedures, the Manager proposes to consider the possibility to use the World Bank's rules at the stage of the Project implementation with relevant support from procurement experts of the World Bank. The Manager does not recommend using the ADB's procurement procedures as, in accordance therewith, only suppliers from ADB member states are admitted to participate in tenders; thus, application of the ADB's procedures can lead to exclusion of suppliers from a number of ACF member states from the tender.

*The Manager will monitor and assess the Project in accordance with the EDB Strategic Project Monitoring and Assessment Methodology, which is currently under preparation.* The monitoring procedures will involve on-going collection of the information about the progress in Project implementation, on-going analysis of the Project risks by the Manager, and regular visits of the Manager's experts to the Project implementation sites.

*The Project will be implemented in accordance with the Manager's Project Cycle Regulations.* In-house documents of the Manager contain detailed procedures of project structuring, risk assessment, and resource disbursement. The procedures provide for disbursement of funds in tranches after the Manager receives required justification documents (contracts, invoices, and other documents).

*The Manager recommends to be guided by the ADB's environmental and social policies in the process of the Project implementation.* The Project preliminary appraisal has shown that its implementation may have a number of serious social impacts. The ADB has got experience and expertise in mitigating such impacts. The environmental and social policies of the Manager provide for an opportunity to establish additional requirements to ACF projects, including application of environmental and social policies of other IFOs.

### 3. EVALUATION REPORT SUBSTANTIATION

#### *Economic and Social Situation in the Kyrgyz Republic*

The Kyrgyz Republic is a low-income country. In 2011, the GDP was at the level of about US\$ 5.93 billion. The poverty rate estimate is 37 %. In 2012, the KR's position in the global competitiveness rating (WEF) continued to deteriorate. Since 2006, the Kyrgyz Republic has shifted by 17 positions down to the 127<sup>th</sup> place. The quality of the business environment is the only widely used development indicator where the Kyrgyz Republic ranks in the middle, and not at the bottom of the list among the CIS countries, although in recent years, the KR has been yielding its positions in the "Doing Business" report of the World Bank. Besides, the indicators of the quality of government institutions are low. With all the ambiguity of the ratings, the country's low positions point at the lack of progress over the last decade. Low business environment ratings are a significant constraint to the foreign capital inflow that limits the country's opportunity to diversify and modernize the economy.

In 2000-2011, the average rate of economic growth was around 4 % per annum. The key sectors are agriculture – 18 %, processing industry – 17 %, of which 40 % is the share of the gold mining company *Kumtor*, as well as trade – 16 %, and transportation – 8 %. In 2012, gold mining by *Kumtor* went down significantly that resulted in a deep recession—by over 44 %—in the processing industry in January-September 2012. The positive growth in other sectors was insufficient to offset the recession, thus, the overall GDP decline was at the level of 5.6 %. The GDP decline had a negative impact on the ability to finance investments with domestic sources.

The Kyrgyz Republic is characterized by chronic budget deficits, averaging about 4 % of GDP in 2000-2011. Until 2009, the country had managed to keep the external public debt at 33-37 % of GDP. The post-crisis borrowing needs, GDP growth deceleration, and local currency depreciation resulted in external debt burden rising up to 47.5 % of GDP by end-2011. In 2012, the situation became strained owing to the GDP decline and the resulting tax base compression. In January-September 2012, the budget deficit was at the level of 3.4 % of GDP, and the budget revenue execution improved primarily as a result of signing an agreement with *Kumtor* on an advance payment of US\$ 30 million (about KGS 1.4 billion) in May 2012. 85 % of the deficit is financed from external sources.

At the same time, the situation remains strained. For instance, significant advance tax payments made by economic entities may lead to a sharp drop of future tax revenues. If the budget expenditures are executed, the budget deficit is estimated to exceed 7.4 % of GDP. Thus, to ensure budget stability, budget cuts of KGS 3.4 billion (about US\$ 72 million) are planned. Besides, the budget grant of the Russian Federation of US\$ 25 million will have a stabilizing effect. In spite of the possible stabilization of the fiscal position, the ability to finance infrastructure go down significantly.

Hence, the current economic position of the Kyrgyz Republic points at its inability to finance infrastructure projects from domestic sources, while the capacity to raise external investments for these purposes is also extremely limited.

As a result, the ACF loan to finance the road rehabilitation will allow for maintaining the level of infrastructure investment. Taking into account the relatively significant share of the transport sector in the GDP structure, construction of the road infrastructure will promote diversification of the economy and reduction of its sensitivity to shocks. In addition, the construction will generate jobs and will promote GDP growth to a certain extent. A revised appraisal can be presented at subsequent stages of the Project preparation.

The impact of the loan on the debt sustainability is assessed as insignificant. According to the IMF, the Kyrgyz Republic has no problems with external debt service. The fiscal and debt

positions are assessed as sustainable on condition that *Kumtor* activity recovers and conservative external borrowing policies continue. Providing an ACF loan of US\$ 50 million (about 0.8-0.9 % of GDP) on the proposed terms will not result in a significant debt burden increase for the republic.

### *Status of the Transport Sector*

The main type of transport in the Kyrgyz Republic is automobile transport. Its share in freight transportation is 90 %. The transport sector accounts for about 6 % of the total employment in the Kyrgyz Republic. This sector gets significant incomes from transit services, promoting development of trade and transportation services and making a noticeable contribution to the balance of payments.

The Kyrgyz Republic has international automobile traffic with 37 countries. There are bilateral intergovernmental agreements on automobile traffic with 19 states. These include 11 CIS countries—Russia, Ukraine, Belarus, Kazakhstan, Uzbekistan, Turkmenistan, Tajikistan, Azerbaijan, Moldova, Georgia, Armenia,—as well Latvia, Turkey, Iran, Pakistan, China, Germany, Poland, Mongolia, Austria, and France.

The Kyrgyz Republic takes part in the Transportation Policy Council, which includes heads of transport agencies of all EurAsEC member states. It should be noted that international automobile transportation is performed by Kyrgyz freight carriers on permits issued by competent authorities of counterpart countries, except for transportation to Kazakhstan, Russia, and Tajikistan performed without any permits.

The transport sector of the Kyrgyz Republic faces a lot of challenges: the road network is decaying, roads are poorly serviced, there are problems related to insufficient financing. The traffic safety is poor, while the institutions managing the road sector are weak.

Although the existing transport infrastructure is capable to satisfy the country's medium-term needs, lack of proper technical maintenance and upgrading results in a significant reduction of the transport potential. Most of the roads have not been repaired since the end of the 1980s. The poor condition of the roads and their low capacity result in significant accident rates, high transportation costs, and low competitiveness of local freight carriers at the regional market of transit transportation services.

To preserve and develop the road infrastructure, a higher level of technical maintenance and rehabilitation of a number of road sections are required (over 60 % of roads need serious repair).

It should be noted that the experience of the IFOs points at a number of difficulties related to road upgrading project implementation in the Kyrgyz Republic. For instance, owing to the challenging terrain, the time of project preparation may be postponed. Besides, implementation of practically all road projects has serious social impacts. At the same time, the risk of fast deterioration of already upgraded road sections owing to lack of their proper technical maintenance is pointed out.

The KR Government is taking a range of measures to improve the situation in the sector. For instance, the Development Strategy of the Kyrgyz Republic until 2015 states that the objective of the transport infrastructure development is “to make the status of the backbone automobile road network consistent with higher working standards that will ensure minimization of transportation costs of producers of goods and services to enable access to the regional markets of goods and services, as well as to local markets of goods and services, labor, and social services”. Since the automobile transport performs most of cargo and passenger transportation, the Government focuses specifically on developing automobile roads of the country. The policies of automobile road development until 2015 will focus on

maintaining the existing hard coat road network and staged recovery of deteriorating roads by renewing their repair.

Reconstruction of the Bishkek-Osh road transport corridor is specified in the Strategy as one of the priorities. This project is to be financed with the ADB funds. However, the ADB currently lacks the money needed to fully finance the program.

Thus, the Ministry of Transport and Communications of the Kyrgyz Republic and the ADB have turned to the Manager with a proposal to consider the prospects of participating in the Bishkek-Osh Road Rehabilitation Program, Phase IV. The ADB has proposed to use ACF resources to co-finance the Program. There are no possibilities to raise financing for the Project from other IFOs as their medium-term strategies do not provide for supporting road sector investments.

### *Project Objective*

The Project provides for allocation of EurAsEC Anti-Crisis Fund resources to the Ministry of Finance of the Kyrgyz Republic in the form of an investment loan for the purposes of upgrading the following sections of Bishkek-Osh road: Bishkek to Kara-Balty (60 km) and Madaniyat to Jalal-Abad (70 km). It is the only road connecting the northern and southern parts of the Kyrgyz Republic (see Annex 3, map of the country). At these road sections, the surface is badly worn and needs urgent capital repair (see Annex 4, road sectors map). Owing to the obsolete surface at these road sections, the road is characterized by lower capacity and high accident rate. The specific parts to be upgraded with financing provided in the form of the ACF loan will be identified during the Project FS preparation.

### *Project Current Status Description*

The Project is currently being developed by the Ministry of Transport of the Kyrgyz Republic jointly with the ADB in the framework of Phase IV of the Bishkek-Osh Road Construction Program. The ADB has already implemented three phases of the program, and the program is included in the ADB financing plan. The ADB has provided technical assistance to the Ministry of Transport of the Kyrgyz Republic to prepare the general FS for Phase IV of the program (for both sections of the road). The Ministry of Transport of the Kyrgyz Republic has hired a consultant to prepare the FS for Phase IV of the program in accordance with the ADB procedures. The consultant will start work in December 2012 and complete it in December 2013. The road sections to be reconstructed have been identified on a preliminary basis (see Annex 4).

The Manager has held preliminary discussions with the Ministry of Transport of the Kyrgyz Republic, the Ministry of Finance of the Kyrgyz Republic, and the ADB. A tentative agreement has been reached on the possible use by the Manager of the ADB's expertise and policies in Project implementation, except for procurement policies. The Manager does not recommend using the ADB's procurement policies as, in accordance therewith, only suppliers from ADB member states are admitted to participate in tenders for goods delivery and performance of work; thus, suppliers from a number of ACF member states would be unable to participate in the Project. In September 2012, the ADB proposed the following schedule to prepare the co-financing for Phase IV of the program jointly with the ACF (table 1):

Event	Schedule	Output	Responsible
Joint feasibility kick-off mission	End of Oct 2012	Preliminary MOU	EDB, ADB, and MOTC
EDB Council	End of Nov 2012	preliminary approval of financing	EDB
Draft final feasibility study	April 2013	Draft feasibility report	ADB
Fact-finding mission	May 2013	Project specific co-financing agreement	EDB, ADB, and MOTC
EDB Council	End of May 2013	Approval of financing EDB	EDB and MOTC
Sign Agreement	July 2013	Financing agreement	EDB and MOTC/GoK
Loan Negotiation	July 2013	Draft loan agreement	ADB and MOTC/GoK
ADB Board Approval	Sept 2013	Project approval	ADB
Declare project effective	Dec 2013		GoK

### *Project Financing Needs*

**Areas of ACF financing.** The ACF loan will be used to finance general construction work, consultation services (primarily technical audit) and project management, with the precise list of activities to be specified after the Project FS is prepared.

**Substantiation of the amount requested.** To implement Phase III of the Bishkek-Osh Road Rehabilitation Program, the ADB planned to finance road construction-related costs averaging about US\$ 1 million per 1 km. The total length of the two road sections planned for upgrading is 115 km. Thus, the amount requested taking into account co-financing on the part of the ADB and the state on average makes US\$ 1.04 million per one kilometer of the road.

**The Project will be implemented with the ADB co-financing Phase IV of the Bishkek-Osh Road Rehabilitation Program (potentially in the form of parallel financing).** The amount of the ADB loan will be US\$ 50 million. The ADB has provided technical assistance of US\$ 1 million to prepare the FS for Phase IV of the program (for all road sections).

The body of the ADB loan will cover the costs related to paying technical consultants exercising current control over performance under Phase IV of the program, including the road sections planned to be upgraded with the ACF resources, as well as performing acceptance of all road sections. The ADB estimated the total amount of such costs at about US\$ 8 million.

Table 2. Investment structure in the framework of financing Phase IV of the Bishkek-Osh Road Rehabilitation Program as proposed by the Ministry of Transport of the Kyrgyz Republic and the ADB (to be updated in the process of the Project FS preparation).

Spending Item	Amount ('000 US\$ )
General construction expenses	93,000
Consultation services	3,000
Project management	2,000
Road management system	3,000
Road safety program	5,000
Incidental expenses	12,000
Financial costs	2,000
Total	120,000

Table 3. Sources of financing for Phase IV of the Bishkek-Osh Road Rehabilitation Program, in '000 US\$

Source of Financing	Amount ('000 US\$ )
ACF	50,000
ADB	50,000
KR Government	20,000
Total	120,000

### ACF Financing Terms

Requested ACF loan: US\$ 50 million

Total maturity, including the grace period: 20 years;

Grace period: 8 years;

Interest rate: 1 (one) % annual;

Currency of financing: US dollars;

Grant component: 39.38 %.

The terms of the ACF loan are roughly consistent with the terms of financing provided by the Asian Development Bank for Phase IV of the Bishkek-Osh Road Rehabilitation Program (the preliminary estimate for the grant component under the ADB loan is 40.1 %).

### Projected Economic Effects of Project Implementation

The Project implementation will generate a range of positive economic effects.

The primary effect will be related to reduction of transportation costs of users of the upgraded road sections. The indicators will be estimated in the process of the Project FS preparation. Under a similar WB project (Osh-Asfana Road Upgrading) the following cost reduction estimates were prepared (table 4):

Indicator	Car	Pickup	Minivan	Bus	Light truck	Medium truck	Heavy-duty truck	Truck tractor	Total
Average traffic per day (pcs.)	3,759	553	104	2	423	180	142	20	<b>5,183</b>
The user's costs after the project implementation \$	0.22	0.22	0.55	1.18	0.19	0.26	0.44	0.65	<b>0.65</b>
The user's costs before the project implementation \$	0.24	0.27	0.64	1.36	0.22	0.29	0.49	0.74	<b>0.74</b>

When the costs of road users go down and the traffic safety improves, the traffic load will increase and, thus, the transport tax collection will improve.

Upgrading of the road will also enable an improvement in living standards of the population in southern regions of the country owing to improved capacity for agricultural produce transportation and export.

At the same time, the Project implementation will enable new job creation over the period of the road construction and operation. Preliminary estimation of the ADB show that up to 7,000 new jobs can be created.

#### *Project Consistency with the Fund's Objectives*

The Project implementation will promote improved sustainability of the Kyrgyz Republic economy —the capacity for exporting products and providing transit services, as well as revenues from the transport tax will improve.

The Project implementation will also generate an integration effect. Reconstruction of the road will help not only increase transport flows between KR regions, but also improve the situation with transportation of goods from southern regions of the country to Kazakhstan and the Russian Federation and increase transit flows from Tajikistan.

In the light of the above, the Manager finds that the Project is consistent with the Fund's objectives.

#### *Project Financing Scheme*

The borrower under the investment loan will be the Kyrgyz Republic represented by the Ministry of Finance of the Kyrgyz Republic, and the agency responsible for the Project implementation will be the Ministry of Transport and Communications of the Kyrgyz Republic represented by the Investment Project Implementation Group under the Ministry of Transport of the Kyrgyz Republic.

The KR Government will reflect the resources borrowed from the Fund in its state budget as a source of budget deficit financing and as budget expenditures to finance the project, and will also plan allocations in the KR state budget in the amount needed to service and repay the resources borrowed from the Fund.

The Project financing scheme is consistent with the procedure of providing investment financing using ACF resources.

Owing to fast growth of external borrowings and vulnerability of the debt position to external shocks, a zero limit on non-concessional lending was set in the framework of the current KR program with the IMF for the overall portfolio of external government and government guaranteed loans. The KR has committed to borrow no loans and issue no loan guarantees if it can result in the average grant component of the portfolio going below 35 %. The terms proposed by the Manager are consistent with the IMF recommendations.

*Preliminary Project Risk Assessment (table 4).*

Category	Assessment	Description	Mitigating measures
Project risks	Medium level	In the process of the Project implementation, there may be developments resulting in Project implementation costs being above the relevant FS parameters.	To mitigate these risks, it is planned to engage the Manager in clearing the terms of the general contractor contract.
Environmental risks	Medium level	The Project implementation may have a negative environmental impact.	To mitigate these risks, it is planned to have an environmental impact assessment performed in accordance with the ADB policies and, if needed, an independent environmental audit of the Project performed by the Manager's consultant.
Social risks	Medium level	The Project implementation may have a negative impact on the social pattern of the population residing along the road corridor.	To mitigate these risks, it is planned to have a social impact assessment performed in accordance with the ADB policies and, if needed, an independent audit of the Project performed by the Manager's consultant.
Operational risks	Medium level	There may be situations when the Project implementation will not generate the planned cost reduction and transport tax revenues increase.	To mitigate these risks, it is planned to monitor the progress of the Project implementation using the assistance of a technical consultant.
Legal risks	High level	In the process of the Project implementation and financing, there may be risks arising in connection with the need for the Project participants to obtain permits, licenses, and other documents in accordance with the national legislation of the Kyrgyz Republic or international agreements, as well as those related to drawing the loan agreement and accompanying documents.	To mitigate these risks, it is planned to engage the Manager's legal consultant.

<p>Corruption and fiduciary risks</p>	<p>High level</p>	<p>The Corruption Perception Index of the Kyrgyz Republic assessed by the Transparency International tends to deteriorate: in 2011, the Kyrgyz Republic ranked the 164<sup>th</sup> out of 183 countries, while in 2007, it held the 150<sup>th</sup> position.</p> <p>Corruption and fiduciary risks related to untargeted use of funds may arise in the process of the Project financing.</p>	<p>To mitigate these risks, it is planned to apply procurement procedures based on the principles of competition and transparency. The control over the Project preparation and implementation is proposed to be performed with the assistance of an external technical consultant. Besides, the Manager's Project Cycle Regulations describe compliance control procedures, including review of the Project corruption risks, ownership structure, and ultimate owners of the enterprises participating in the Project. To mitigate corruption risks, the Manager will perform an additional appraisal of the companies participating in the Project implementation.</p>
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*Annex 1. Application of the Ministry of Finance of the Kyrgyz Republic Accompanied by the Project Concept.*

*Annex 2. Economic Statistical Indicators of the Kyrgyz Republic.*

Key Macroeconomic Development Indicators of the Kyrgyz Republic

	2010	2011				2012								
		January-March	January-June	January-September	January-December	January-January	January-February	January-March	January-April	January-May	January-June	January-July	January-August	January-September
Nominal GDP (mln KGS)	212177.4	46586.1	103492.0	189259.5	273107.8			50751.6			114919.1			203837.8
Nominal GDP (mln US\$)	4514.6	982.2	2287.3	4198.1	5858.5			1087.3			2435.0			4337.7
Real GDP growth (%)	-1.4	0.4	5.5	8.7	5.7	-12.5	-10.5	-6.8	-6.8	-6.4	-5.6	-5.0	-4.6	-4.6
GDP deflator	106.9	114.0	116.0	118.6	117.3	108.7	114.6	114.3	115.1	114.5	113.7	112.7	110.7	110.4
End-of-period CPI	119.2	106.4	107.2	104.4	105.7	100.8	100.9	100.9	100.6	101.3	100.9	101.1	102.0	103.1
CPI for the last month of the period	102.4	102.2	100.6	98.9	101.0	100.8	100.0	100.0	99.8	100.7	99.6	100.1	100.9	101.1
PPI for the last month of the period	102.3	103.3	99.0	103.0	99.6	96.7	105.1	100.9	97.6	98.9	97.4	103.1	99.9	101.5
Average nominal wages (KGS)	7 142.0	7 350.0	8 185.0	8 638.0	9 352.0	9 708.0	9 776.0	10 127.0	10 165.0	10 291.0	10 473.0	10 533.0	10 524.0	10 543.0
Unemployment rate	2.6	2.6	2.6	2.5	2.5	2.5	2.5	2.5	2.6	2.6	2.6	2.6	2.5	2.5
State budget balance (% GDP)	-5.1	3.2	-0.2	-2.5	-5.0	9.6	2.2	-1.9	0.1	-2.6	-3.4	-3.8	-5.2	-5.7
Base money growth (% to December of the previous year)	8.1	-7.2	2.8	5.4	12.8	-7.0	-5.2	-1.9	-1.1	0.6	3.5	6.2	9.6	9.8
Broad money growth (% to December of the previous year)	6.8	-3.7	5.6	10.5	14.9	-3.0	-2.0	1.8	4.4	9.8	11.1	15.0	16.1	18.9
Accounting rate of the NBKR (end-of-period)	5.5	6.92	12.00	13.38	13.61	12.20	10.41	9.56	9.07	8.04	6.77	5.69	4.89	4.25
Deposit rate for new deposits (for the period)	1.5	1.43	2.03	1.22	1.45	1.35	1.54	1.50	1.53	1.43	1.55	1.58	1.74	1.71
Deposit rate (end-of-period)	3.7	3.83	3.71	3.80	4.05	4.00	4.10	4.00	3.98	3.97	3.98	3.88	3.89	3.87
Lending rate for new loans (for the period)	20.2	21.97	21.57	22.54	21.32	22.60	20.29	20.59	20.78	21.81	21.59	20.38	19.09	20.61
Lending rate (end-of-period)	20.9	20.72	20.38	20.08	19.86	19.87	19.70	19.52	19.47	19.44	19.55	19.44	19.34	19.38
Export of goods and services (% GDP)	53.7	52.8	55.6	57.6	57.0			56.8			55.2			
Import of goods and services (% GDP)	84.9	85.8	88.4	86.1	85.4			91.1			95.7			
Gross international reserves (mln US\$)	1 718.9	1 802.4	1 911.4	1 845.8	1 834.5	1 846.6	1 898.3	1 862.1	1 879.6	1 881.2	1 904.0	1 918.8	1 954.3	1 967.8
Reserves in months of imports of goods and services	4.2	4.1	4.1	4.2	3.8			3.6			3.8			
Growth of labor migrants' remittances (% to same period of the previous year)	29.6	42.8	47.7	40.1	33.3	26.0	24.6	20.5	21.5	22.8	17.7	17.9	17.7	17.1
Current account balance (% GDP)	-8.5	-12.0	-5.8	-4.9	-6.4			-34.3			-28.2			
KGS to US\$ exchange rate (period average)	47.0	47.43	45.25	45.08	46.62	46.69	46.79	46.68	46.80	47.07	47.19	47.20	46.89	46.99
KGS to US\$ exchange rate (end-of-period)	47.10	47.24	45.21	45.00	46.48	46.78	46.49	46.83	46.85	46.94	47.24	47.15	46.07	47.15
External government debt (% GDP)	69.4	58.9	58.9	53.4	47.5			49.0			49.5			

Source: National Statistical Committee of the Kyrgyz Republic, Ministry of Finance of the Kyrgyz Republic, National Bank of the Kyrgyz Republic, calculations of the ACF staff  
\* - without government guaranteed debt