

SUMMARY

of the Investment project

International Rehabilitation Center for Children “Altyn Balalyk” on the coast of Issyk-Kul lake (Kyrgyzstan)

The Kyrgyz Republic is located in the north-eastern part of Central Asia, in the “heart” of the Eurasian continent. Attractive landscape, beautiful mountains and lakes, fast rivers and location of Kyrgyzstan along the ancient Silk Road, provide great opportunities for tourism and recreation.

In recent years in the world there is a growing interest in children's recreation services, in particular related to rehabilitation, development and education. In many countries, including in Kyrgyzstan, the market potential of children's recreation services remains largely untapped, due to lack of rehabilitation institutions for children, their poor logistics, lack of high-quality service and state support.

In this regard, the Ministry of Health of the Kyrgyz Republic as the founder started the development of the investment project International Rehabilitation Center for Children “Altyn Balalyk” on the coast of Issyk-Kul lake.

The purpose of the investment project is the creation of a modern International Rehabilitation Center for Children “Altyn Balalyk” on the coast of Issyk-Kul lake to provide rehabilitation services aimed at preserving and improving the health of the younger generation.

Objectives of the investment project are: evaluation of the investment project idea; conduction of market research; evaluation of provided services; definition of organizational structure; development of a financing strategy; justification of financial and economic efficiency of the project.

In assessing the needs of the population of Kyrgyzstan in rehabilitation institutions for children, it is revealed that of a total population of 5.8 million people, 38.4% (2.2 million people) are children. However, only 6 children's sanatoriums, with a total of 530 seats operate in the market for the provision of children's rehabilitation services. In 2012, these institutions visited only by 5.0 thousand children. Most of these institutions were built in the 70s - 80s of the last century, with the end of life cycle and require capital construction and repair. The level of service in these institutions is quite low and requires a systematic improvement.

In this regard, the investment project involves the construction and commissioning of modern rehabilitation center for children of the sanatorium type for the prevention and treatment of diseases of children and adolescents in accordance with international standards.

Provision of all kinds of basic and additional services will be conducted at a high quality level. In order to maintain a constant high quality of provided services, introduction of a quality management system will be conducted in accordance with international ISO 9001 standards.

Phased performance of the activities is provided for effective implementation of the project. In the first phase, it is planned to complete the construction, improvement and commissioning of the Centre for 250 seats. The second stage envisages the construction of additional housing for 500 seats, with pool, sauna and gym.

Input of the parties:

- **Investor** –financing the project by USD 21.5 million in two phases:
 - in the first phase – USD 13.0 million;
 - in the second phase – USD 8.5 million.
- **Initiator** - provides a platform for construction, approval documents and implements project, exposes collateral:
 - buildings and constructions - cost of USD 25.5 million;
 - land parcel - cost of USD 4,1 million.

Total amount of financial investments into the project will make USD 47.0 million.

After completion of the project, the annual income of the Center will make USD 5.3 million.

Project cash flow modeling and calculation of the basic financial ratios demonstrate financial stability of the project and sustainability to interest rate fluctuations. Profitability of the project is 123%. Payback period is 7 years, which is valid for this type of projects. Net cash flow for 7 years is USD 21.9 million and covers the amount of borrowed funds, which confirms the break-even of the project.

On the basis of market analysis, conclusions can be drawn on the presence of strong and profitable positions of the project, which will maintain a sufficient level for operation activities of complex, level of financial turnover.

Thus, these obtained indicators define project IRCC “Altyn Balalyk” as a cost-effective and with valid comparison of predicted cost with the economic effect of the project. In general, according to obtained indicators of the financial and economic efficiency of the project, it can be made conclusion on the financial feasibility and on acceptable level of risk.

本件に関するご質問等は、下記までお願い致します。

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