

LOAN NUMBER 8393 -UZ

Loan Agreement

(Horticulture Development Project)

between

REPUBLIC OF UZBEKISTAN

and

INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT

Dated *April 8*, 2015

LOAN NUMBER 8393-UZ

LOAN AGREEMENT

Agreement dated *April 8*, 2015, between the REPUBLIC OF UZBEKISTAN (“Borrower”) and the INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (“Bank”). The Borrower and the Bank hereby agree as follows:

ARTICLE I — GENERAL CONDITIONS; DEFINITIONS

- 1.01. The General Conditions (as defined in the Appendix to this Agreement) constitute an integral part of this Agreement.
- 1.02. Unless the context requires otherwise, the capitalized terms used in this Agreement have the meanings ascribed to them in the General Conditions or in the Appendix to this Agreement.

ARTICLE II — LOAN

- 2.01. The Bank agrees to lend to the Borrower, on the terms and conditions set forth or referred to in this Agreement, the amount of one hundred fifty million Dollars (\$150,000,000), as such amount may be converted from time to time through a Currency Conversion in accordance with the provisions of Section 2.07 of this Agreement (“Loan”), to assist in financing the project described in Schedule 1 to this Agreement (“Project”).
- 2.02. The Borrower may withdraw the proceeds of the Loan in accordance with Section IV of Schedule 2 to this Agreement.
- 2.03. The Front-end Fee payable by the Borrower shall be equal to one quarter of one percent (0.25%) of the Loan amount.
- 2.04. The interest payable by the Borrower for each Interest Period shall be at a rate equal to the Reference Rate for the Loan Currency plus the Variable Spread; provided, that upon a Conversion of all or any portion of the principal amount of the Loan, the interest payable by the Borrower during the Conversion Period on such amount shall be determined in accordance with the relevant provisions of Article IV of the General Conditions. Notwithstanding the foregoing, if any amount of the Withdrawn Loan Balance remains unpaid when due and such non-payment continues for a period of thirty days, then the interest payable by the Borrower shall instead be calculated as provided in Section 3.02 (e) of the General Conditions.

- 2.05. The Payment Dates are March 15 and September 15 in each year.
- 2.06. The principal amount of the Loan shall be repaid in accordance with the amortization schedule set forth in Schedule 3 to this Agreement.
- 2.07. (a) The Borrower may at any time request any of the following Conversions of the terms of the Loan in order to facilitate prudent debt management: (i) a change of the Loan Currency of all or any portion of the principal amount of the Loan, withdrawn or unwithdrawn, to an Approved Currency; (ii) a change of the interest rate basis applicable to: (A) all or any portion of the principal amount of the Loan withdrawn and outstanding from a Variable Rate to a Fixed Rate, or vice versa; or (B) all or any portion of the principal amount of the Loan withdrawn and outstanding from a Variable Rate based on a Reference Rate and the Variable Spread to a Variable Rate based on a Fixed Reference Rate and the Variable Spread, or vice versa; or (C) all of the principal amount of the Loan withdrawn and outstanding from a Variable Rate based on a Variable Spread to a Variable Rate based on a Fixed Spread; and (iii) the setting of limits on the Variable Rate or the Reference Rate applicable to all or any portion of the principal amount of the Loan withdrawn and outstanding by the establishment of an Interest Rate Cap or Interest Rate Collar on the Variable Rate or the Reference Rate.
- (b) Any conversion requested pursuant to paragraph (a) of this Section that is accepted by the Bank shall be considered a "Conversion", as defined in the General Conditions, and shall be effected in accordance with the provisions of Article IV of the General Conditions and of the Conversion Guidelines.

ARTICLE III — PROJECT

- 3.01. The Borrower declares its commitment to the objectives of the Project. To this end, the Borrower shall carry out the Project through RRA in accordance with the provisions of Article V of the General Conditions.
- 3.02. Without limitation upon the provisions of Section 3.01 of this Agreement, and except as the Borrower and the Bank shall otherwise agree, the Borrower shall ensure that the Project is carried out in accordance with the provisions of Schedule 2 to this Agreement.

ARTICLE IV — REMEDIES OF THE BANK

- 4.01. The Additional Event of Suspension consists of the following, namely that the Project Implementation Plan and the Credit Line Investment Guidelines have been amended, suspended, repealed or waived without the Bank's prior approval.

- 4.02. The Additional Event of Acceleration consists of the following, namely, that the event specified in Section 4.01 of this Agreement occurs and is continuing for a period of sixty (60) days after notice of the event has been given by the Bank to the Borrower.

ARTICLE V — EFFECTIVENESS; TERMINATION

- 5.01. The Additional Condition of Effectiveness consists of the following:
- (a) The Project Implementation Plan has been adopted by the Borrower in form and substance satisfactory to the Bank; and
 - (b) The RRA: (i) has been staffed with the professionals indicated in the Project Implementation Plan (all in numbers and with experience and terms of reference satisfactory to the Bank); and (ii) has updated its accounting software in accordance with the technical requirements and specifications set forth in the Project Implementation Plan.
- 5.02. The Effectiveness Deadline is the date ninety (90) days after the date of this Agreement.

ARTICLE VI — REPRESENTATIVE; ADDRESSES

- 6.01. The Borrower's Representative is the Minister of Finance of the Borrower.
- 6.02. The Borrower's Address is:

Ministry of Finance
Mustakillik Square 5
Tashkent 100008
Republic of Uzbekistan

Telex: 116360 IKBCU Facsimile: (998-71) 244 5643

- 6.03. The Bank's Address is:

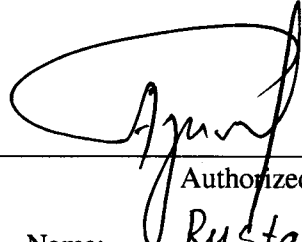
International Bank for Reconstruction and Development
1818 H Street, N.W.
Washington, D.C. 20433
United States of America

Cable address: INTBAFRAD Telex: 248423(MCI) or Facsimile: 1-202-477-6391
Washington, D.C. 64145(MCI)

AGREED at Tashkent, Republic of Uzbekistan, as of the day and year first above written.

REPUBLIC OF UZBEKISTAN

By



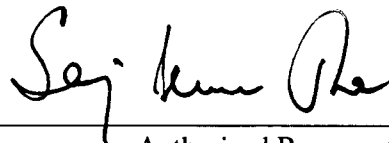
Authorized Representative

Name: Rustam Azimov

Title: First Deputy Prime-Minister

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT

By



Authorized Representative

Name: Sarej Kumar Jha

Title: Regional Director

SCHEDULE 1

Project Description

The objective of the Project is to enhance the productivity and profitability of the horticulture sector in the Project Area.

The Project consists of the following parts:

Part 1. Agricultural Support Services

1. *Institutional Support Services*

(a) Strengthening the capacity of Participating Research Institutes to conduct research and genetic material multiplication activities through, *inter alia*: (i) the improvement of their laboratory facilities; (ii) the provision of Training to their staff on the horticultural sector value chain development; (iii) the development of pest surveillance maps of horticulture crops; and (iv) the creation of a seed storage facility for the Research Institute for Vegetables, Melons and Potatoes;

(b) improving food production and handling practices through, *inter alia*: (i) the carrying out of comparative studies between existing domestic regulations and international standards on food safety; (ii) the development of manuals for quality management and packaging requirements; and (iii) the provision of support for gathering and dissemination of information about private-sector standards for food safety and quality in destination markets.

2. *Market-led agricultural technology transfer*

Bridging the knowledge and experience gap in the horticulture sector related to new production techniques, storage methods, post-harvest handling, marketing and business management knowledge by:

(a) (i) Establishing a knowledge management and market information system aimed to collect, organize, analyze and disseminate data on the horticulture value chain development; and (ii) carrying out of market studies.

(b) Carrying out of open-field demonstration activities and Training for Beneficiaries on, *inter alia*, greenhouse vegetables and potatoes, fruits and berries production techniques, post-harvesting handling and storage methods.

(c) Developing the value chain through, *inter alia*: (i) the creation of partnerships between producers, processors and traders; (ii) the establishment of a promotional association for fruits and vegetables; (iii) the provision of support to producer participation in national and international trade events; and (iv) the assessment

of the Borrower's export and domestic marketing policies and the subsequent development of recommendations to improve said policies.

Part 2. Access to Credit

(a) Provision through selected PFIs of Investment and Working Capital Sub-Loans and Lease Financings to Beneficiaries.

(b) Provision of technical assistance and Training to PFIs to increase their capacity in managing a range of innovatively structured finance products that support, *inter alia*, the development of value chains.

Part 3. Project Management

Provision of goods, technical assistance and Training to RRA for the implementation of the Project (including the areas of financial management, procurement, disbursement, monitoring and evaluation) and financing of Incremental Operating Costs.

SCHEDULE 2

Project Execution

Section I. Implementation Arrangements

A. Institutional Arrangements

1. The Borrower shall maintain the RRA until completion of the Project, with staff, resources and terms of reference satisfactory to the Bank and assign to it responsibility for overall Project management and coordination including:
 - (a) preparation and submission to the Bank, by February 1 of each year, for its review and concurrence, of an annual work program for the Project for the following calendar year, including procurement and financing plans;
 - (b) maintenance of Project financial records and accounts;
 - (c) preparation of applications for withdrawal of the proceeds of the Loan;
 - (d) preparation of bidding and contract documents and management of procurement procedures under the Project, including coordination of the recruitment of foreign and national consultants required for the Project implementation;
 - (e) supervision of implementation of work programs under the Project; and
 - (f) preparation and submission to the Bank of semi-annual reports on the progress of Project implementation.

2. For the purposes of carrying out Part 2 of the Project, the Borrower, through RRA, shall:
 - (a) implement Part 2 of the Project in accordance with the provisions in the Credit Line Investment Guidelines, which include:
 - (i) the eligibility criteria and selection procedures for PFIs;
 - (ii) the amount, terms and conditions of Subsidiary Loans, its implementation arrangements, the amount, terms and conditions of a Sub-financing;
 - (iii) the eligibility criteria and selection procedures for Beneficiaries, including, *inter alia*, Sub-financing approval procedures, collateral requirements under the respective Sub-financing Agreement, repayment periods for Sub-financing, the basis for determination of interest and other charges on Sub-financing, and procurement procedures to be followed by Beneficiaries and reporting requirements under respective Sub-financing Agreement;
 - (iv) safeguard obligations described in Section I.E of this Schedule and requirements for Project Beneficiaries and stakeholders to

comply with the applicable laws and regulations on child and forced labor; and

(b) not assign, amend, abrogate or waive the Credit Line Investment Guidelines without obtaining the prior approval of the Bank.

3. The Borrower, through RRA, shall carry out the Project in accordance with the requirements and procedures set forth or referred to in the Project Implementation Plan and shall not amend, suspend, repeal or waive their provisions without the Bank's prior approval.

B. Anti-Corruption

1. The Borrower shall ensure that the Project is carried out in accordance with the provisions of the Anti-Corruption Guidelines.

C. Subsidiary Loan Agreements

1. To facilitate the carrying out of the Part 2 of the Project, the Borrower shall make a part of the proceeds of the Loan available under subsidiary agreements between the Borrower, RRA and each PFI under terms and conditions approved by the Bank, including those set forth in Section C.5 below ("Subsidiary Loan Agreements").
2. The Borrower shall exercise its rights under the Subsidiary Loan Agreements in such manner as to protect the interests of the Borrower and the Bank and to accomplish the purposes of the Loan. Except as the Bank shall otherwise agree, the Borrower shall not assign, amend, abrogate or waive the Subsidiary Loan Agreements or any of its provisions.
3. The Borrower shall, in close cooperation with the Bank, select PFIs for Part 2 of the Project in accordance with the eligibility criteria set forth in the Credit Line Investment Guidelines.
4. The PFIs shall carry out appraisal of Sub-projects and Beneficiaries based on criteria set forth in the Credit Line Investment Guidelines. Appraisal of Sub-projects shall include, *inter alia*: (i) environmental screening of the proposed activities and determining what type of environmental impact assessment has to be carried out by the Beneficiary; and (ii) screening of Sub-projects proposals and Beneficiaries to ensure compliance with applicable laws and regulations on child and forced labor.
5. The Borrower shall ensure that each Subsidiary Loan Agreement with PFIs for Sub-financings shall comply with, but not be limited to, the following terms and conditions:

- (a) the amount of Subsidiary Loan to each PFI shall be made available in Dollars or Soum;
- (b) the principal amount of the Subsidiary Loan shall be repaid by the respective PFI in Dollars or in Soum to the Borrower in semi-annual installments over twenty (20) years, including a grace period of five (5) years;
- (c) interest shall be charged on the outstanding balances of the Subsidiary Loans at rates acceptable to the Bank;
- (d) each PFI shall carry out activities under Part 2 of the Project in accordance with the Anti-corruption Guidelines;
- (e) each PFI shall be responsible for monitoring implementation of Sub-projects and ensuring compliance of Beneficiaries with any applicable laws and regulations on child and forced labor. In case of established non-compliance with laws and regulations on child and forced labor by a Beneficiary utilizing Sub-financing from a respective PFI, said Sub-financing shall be refunded to the RRA and such PFI shall be disqualified from providing Sub-financings under Part 2 of the Project, all in accordance with the relevant criteria and provisions established in the Credit Line Investment Guidelines.

D. Sub-financing

1. The Borrower shall ensure that PFIs make Sub-financing to Beneficiaries in accordance with terms and conditions, eligibility criteria and procedures set forth in the Credit Line Investment Guidelines.
2. Sub-financing shall not finance: (i) any non-eligible activities or expenditures listed in the Credit Line Investment Guidelines; (ii) any Sub-projects requiring land acquisition or resettlement or loss of assets or income; and (iii) any Sub-project relating to cotton production.
3. The Borrower shall ensure that PFIs make each Sub-financing under a Sub-financing Agreement with each Beneficiary on terms and conditions set forth in the Credit Line Investment Guidelines, which shall, *inter alia*, include the following:
 - (a) the Investment and Working Capital Sub-loan and Lease Financing shall be made to each Beneficiary in Dollars or Soum;
 - (b) interest shall be charged by a PFI on the principal amount of each Sub-financing withdrawn and outstanding from time to time, at the prevailing interest rate under the concerned Subsidiary Loan Agreement of said PFI

as determined in accordance with Section C.5 (c) above plus a market-based spread determined by the PFI making such Sub-financing;

- (c) each Sub-financing shall be made by the PFI to the Beneficiary on terms and conditions, including those relating to the maturity, currency denomination, and other charges determined in accordance with the PFI's investment and lending policies and practices, and the provisions of the Credit Line Investment Guidelines;
- (d) the first three (3) Sub-project proposals for Investment and Working Capital Sub-loan or Lease Financings irrespective of the amount and any other Investment and Working Capital Sub-loan or a Lease Financing proposal based on the relevant selection criteria set forth in the Credit Line Investment Guidelines shall be submitted by the PFI to the Bank for its prior review and approval; and
- (e) each Sub-financing shall be made by the PFI to the Beneficiary on terms and conditions, including rights adequate to protect the interests of the Borrower and the Bank, namely, the right to:
 - (i) suspend or terminate the right of the Beneficiary to use the proceeds of the Sub-financing, or declare to be immediately due and payable all or any part of the amount of the Sub-financing then withdrawn, upon the Beneficiary's failure to perform any of its obligations under the Sub-financing Agreement;
 - (ii) in case of established non-compliance by a Beneficiary with any applicable laws and regulations on child and forced labor, suspend or terminate the right of the Beneficiary to use the proceeds of the Sub-financing and request a refund of disbursed amounts under the Sub-financing Agreement; and
 - (iii) require each Beneficiary to:
 - (A) carry out its Sub-project: (1) with due diligence and efficiency and in accordance with sound technical, economic, financial, managerial, environmental, health and social standards and practices, satisfactory to the Bank; (2) comply with the requirements of applicable laws and regulations on child and forced labor; (3) in accordance with the provisions of the Anti-Corruption Guidelines applicable to recipients of loan proceeds other than the Borrower; and (4) in accordance with the Environmental Management Framework;

- (B) provide, promptly as needed, the resources required for the purpose;
- (C) procure the goods, works and services to be financed out of the Sub-financing in accordance with the provisions of this Agreement;
- (D) maintain policies and procedures adequate to enable it to monitor and evaluate in accordance with indicators acceptable to the Bank, the progress of the Sub-project and the achievement of its objectives;
- (E) (1) maintain a financial management system and prepare financial statements in accordance with consistently applied accounting standards acceptable to the Bank, both in a manner adequate to reflect the operations, resources and expenditures related to the Sub-project; and (2) at the Bank's request, have such financial statements audited by independent auditors acceptable to the Bank, in accordance with consistently applied auditing standards acceptable to the Bank, and promptly furnish the statements as so audited to the Borrower and the Bank;
- (F) enable the Borrower and the Bank to inspect the Sub-project, its operation and any relevant records and documents; and
- (G) prepare and furnish to the Borrower and the Bank all such information as the Bank shall reasonably request relating to the foregoing.

E. Safeguards

Environmental Management Framework

1. The Borrower, through RRA, shall implement the Project pursuant to the Environmental Management Framework in a manner satisfactory to the Bank and shall provide the Bank with a summary status of the implementation, including results from environmental monitoring, as part of Project Reports or when specifically requested by the Bank.
2. The Borrower shall ensure that the Project is implemented in compliance with applicable laws and regulations on child and forced labor, including ensuring such compliance by the PFIs and Beneficiaries.

3. The Borrower, through RRA, shall ensure that the Project activities under the Project will not include any land acquisition, displacement of people, and construction of new or rehabilitation of existing dams.

TPM and Feedback Mechanism

4. The Borrower, through RRA, shall take all necessary actions, and ensure that necessary actions are taken, to enable the TPM Consultant to perform monitoring activities in accordance with the applicable terms of reference, including but not limited to allowing and facilitating for the TPM Consultant to visit sites where the Project is being carried out, collect relevant data and communicate with Project stakeholders and participants.
5. The Borrower shall: (a) review and discuss with the Bank monitoring reports prepared by the TPM Consultant; and (b) promptly take any actions, as may be requested by the Bank upon its review of said reports, with respect to compliance with the undertakings relating to child and/or forced labor as set forth in this Agreement and the Project Implementation Plan.
6. The Borrower: (a) shall and shall cause respective local authorities to fully collaborate with the TPM Consultant in developing an effective grievance redress mechanism in connection with the Project activities or within the Project Area, as set forth in the TPM Consultant's terms of reference; (b) shall review biannual reports of the TPM Consultant on grievances received, redress mechanism and any feedback provided; and (c) shall promptly implement or cause relevant local authorities to implement the recommendations provided in said reports.

Section II. Project Monitoring Reporting and Evaluation

A. Project Reports

1. The Borrower shall monitor and evaluate the progress of the Project and prepare Project Reports in accordance with the provisions of Section 5.08 of the General Conditions and on the basis of indicators acceptable to the Bank. Each Project Report shall cover the period of one calendar semester, and shall be furnished to the Bank not later than forty-five (45) days after the end of the period covered by such report.

B. Financial Management, Financial Reports and Audits

1. The Borrower shall maintain or cause to be maintained a financial management system in accordance with the provisions of Section 5.09 of the General Conditions.
2. The Borrower shall prepare and furnish to the Bank not later than forty-five (45) days after the end of each calendar quarter, interim unaudited financial reports

for the Project covering the quarter, in form and substance satisfactory to the Bank.

3. The Borrower shall have its Financial Statements audited in accordance with the provisions of Section 5.09 (b) of the General Conditions. Each audit of the Financial Statements shall cover the period of one fiscal year of the Borrower. The audited Financial Statements for each such period shall be furnished to the Bank not later than six (6) months after the end of such period.

Section III. Procurement

A. General

1. **Goods, Works and Non-consulting Services.** All goods, works and non-consulting services required for the Project and to be financed out of the proceeds of the Loan shall be procured in accordance with the requirements set forth or referred to in Section I of the Procurement Guidelines, and with the provisions of this Section.
2. **Consultants' Services.** All consultants' services required for the Project and to be financed out of the proceeds of the Loan shall be procured in accordance with the requirements set forth or referred to in Sections I and IV of the Consultant Guidelines and with the provisions of this Section.
3. **Definitions.** The capitalized terms used below in this Section to describe particular procurement methods or methods of review by the Bank of particular contracts refer to the corresponding method described in Sections II and III of the Procurement Guidelines, or Sections II, III, IV and V of the Consultant Guidelines, as the case may be.

B. Particular Methods of Procurement of Goods, Works and Non-consulting Services

1. **International Competitive Bidding.** Except as otherwise provided in paragraph 2 below, goods, works and non-consulting services shall be procured under contracts awarded on the basis of International Competitive Bidding procedures.
2. **Other Methods of Procurement of Goods, Works and Non-consulting Services.** The following methods, other than International Competitive Bidding may be used for procurement of goods, works and non-consulting services for those contracts specified in the Procurement Plan:

Procurement Method	
(a)	National Competitive Bidding, subject to the additional provisions set forth in the Annex to this Schedule 2
(b)	Shopping
(c)	Direct Contracting
(d)	Commercial Practices for Sub-projects under Part 2 of the Project

C. Particular Methods of Procurement of Consultants' Services

1. **Quality- and Cost-based Selection.** Except as otherwise provided in paragraph 2 below, consultants' services shall be procured under contracts awarded on the basis of Quality and Cost-based Selection.
2. **Other Methods of Procurement of Consultants' Services.** The following methods, other than Quality and Cost-based Selection, may be used for procurement of consultants' services for those contracts which are specified in the Procurement Plan:
 - (a) Quality-based Selection;
 - (b) Selection under a Fixed Budget;
 - (c) Least Cost Selection;
 - (d) Selection based on Consultants' Qualifications;
 - (e) Single-source Selection of consulting firms;
 - (f) Well-established Private Sector Procurement Methods or Commercial Practices which have been found acceptable to the Bank;
 - (g) Procedures set forth in paragraphs 5.2 and 5.3 of the Consultant Guidelines for the Selection of Individual Consultants; and
 - (h) Single-source procedures for the Selection of Individual Consultants.

D. Review by the Bank of Procurement Decisions

The Procurement Plan shall set forth those contracts which shall be subject to the Bank's Prior Review. All other contracts shall be subject to Post Review by the Bank.

Section IV. Withdrawal of Loan Proceeds

A. General

1. The Borrower may withdraw the proceeds of the Loan in accordance with the provisions of Article II of the General Conditions, this Section, and such additional instructions as the Bank shall specify by notice to the Borrower (including the “World Bank Disbursement Guidelines for Projects” dated May 2006, as revised from time to time by the Bank and as made applicable to this Agreement pursuant to such instructions), to finance Eligible Expenditures as set forth in the table in paragraph 2 below.
2. The following table specifies the categories of Eligible Expenditures that may be financed out of the proceeds of the Loan (“Category”), the allocation of the amounts of the Loan to each Category, and the percentage of expenditures to be financed for Eligible Expenditures in each Category.

Category	Amount of the Loan Allocated expressed in USD	Percentage of Expenditures to be financed (exclusive of Taxes except Withheld Taxes)
(1) Goods	12,076,000	100%
(2) Works and Consultants’ services (including for auditing services and Training)	14,762,000	100%
(3) Investment and Working Capital Sub-loans and Lease Financings under Part 2 of the Project	111,445,000	100% of Investment and Working Capital Sub-loans and Lease Financings
(4) Incremental Operating Costs	7,216,000	100%
(5) Unallocated	4,126,000	
(6) Front-end Fee	375,000	Amount payable pursuant to Section 2.03 of this Agreement in accordance with Section 2.07 (b) of the General Conditions
TOTAL AMOUNT	150,000,000	

For the purposes of this paragraph:

- (a) the term “Training” means reasonable expenditures (other than those for Goods and Consultants’ services), as approved by the Bank, incurred for the carrying out of training activities and study tours under the Project, including, *inter alia*, reasonable costs of travel and *per diem* of trainers and trainees, cost of workshops, rental of training facilities and equipment and training materials, all based on a semi-annual budget acceptable to the Bank; and
- (b) the term “Incremental Operating Costs” means the incremental expenses incurred by the RRA on account of Project implementation, management, monitoring and supervision, including office supplies, office equipment maintenance, communication, local travel, vehicles operation and maintenance, reasonable expenses for accident insurance of RRA staff and for third party liability insurance of RRA drivers, reasonable commercial bank charges, salaries of the support staff of RRA, (including the uniform social charges and the applicable income tax retained at the source but excluding salaries of civil servants of the Borrower), as such expenditures are set forth in the RRA semi-annual budget, satisfactory to the Bank and such other expenditures as may be agreed upon by the Bank.

B. Withdrawal Conditions; Withdrawal Period

- 1. Notwithstanding the provisions of Part A of this Section, no withdrawal shall be made:
 - (a) for payments made prior to the date of this Agreement; and
 - (b) under Category (3) unless the Borrower has: (i) prepared and approved the Credit Line Investment Guidelines in a manner satisfactory to the Bank; and (ii) entered into the respective Subsidiary Loan Agreements with RRA and each PFI under terms and conditions approved by the Bank pursuant to Section I.C of this Schedule.
- 2. The Closing Date is June 30, 2021.

ANNEX TO SCHEDULE 2

The National Competitive bidding procedures of the Borrower may be used for procurement under the Project provided that the following provisions are complied with:

1. (a) Bidding shall not be restricted to pre-registered firms.
- (b) Where registration is required, bidders: (i) shall be allowed a reasonable time to complete the registration process; and (ii) shall not be denied registration for reasons unrelated to their capability and resources to successfully perform the contract, which shall be verified through post-qualification.
- (c) Foreign bidders shall not be precluded from bidding. If a registration process is required, a foreign bidder declared the lowest evaluated bidder shall be given a reasonable opportunity to register.
2. Invitations to bid shall be advertised in at least one widely circulated national daily newspaper allowing a minimum of thirty (30) days for the preparation and submission of bids.
3. When pre-qualification shall be required for large or complex works, invitations to pre-qualify for bidding shall be advertised in at least one widely circulated national daily newspaper a minimum of thirty (30) days prior to the deadline for the submission of pre-qualification applications. Minimum experience, technical and financial requirements shall be explicitly stated in the pre-qualification documents.
4. Government-owned enterprises in the Republic of Uzbekistan shall be eligible to participate in bidding only if they can establish that they are legally and financially autonomous, operate under commercial law and are not a dependent agency of the contracting authority. Furthermore, they will be subject to the same bid performance security requirements as other bidders.
5. Purchasers shall use the appropriate standard bidding documents for the procurement of goods, works or services, acceptable to the Bank.
6. (a) Bids shall be opened in public, immediately after the deadline for submission of bids.
- (b) Evaluation of bids shall be made in strict adherence to the monetarily quantifiable criteria declared in the bidding documents.

- (c) Contracts shall be awarded to the qualified bidder having submitted the lowest evaluated substantially responsive bid and no negotiation shall take place.
 - (d) Price verification should not be applied to Bank-financed contracts.
- 7. Civil works contracts of long duration (e.g. more than eighteen (18) months) shall contain an appropriate price adjustment clause.
- 8.
 - (a) All bids shall not be rejected and new bids solicited without the Bank's prior concurrence.
 - (b) When the number of bids received is less than three (3), re-bidding shall not be carried out without the Bank's prior concurrence.

SCHEDULE 3

1. The following table sets forth the Principal Payment Dates of the Loan and the percentage of the total principal amount of the Loan payable on each Principal Payment Date (“Installment Share”). If the proceeds of the Loan have been fully withdrawn as of the first Principal Payment Date, the principal amount of the Loan repayable by the Borrower on each Principal Payment Date shall be determined by the Bank by multiplying: (a) Withdrawn Loan Balance as of the first Principal Payment Date; by (b) the Installment Share for each Principal Payment Date, such repayable amount to be adjusted, as necessary, to deduct any amounts referred to in paragraph 4 of this Schedule, to which a Currency Conversion applies.

Principal Payment Date	Installment Share (Expressed as a Percentage)
On each March 15 and September 15	
Beginning September 15, 2019 through March 15, 2039	2.5%

2. If the proceeds of the Loan have not been fully withdrawn as of the first Principal Payment Date, the principal amount of the Loan repayable by the Borrower on each Principal Payment Date shall be determined as follows:
- (a) To the extent that any proceeds of the Loan have been withdrawn as of the first Principal Payment Date, the Borrower shall repay the Withdrawn Loan Balance as of such date in accordance with paragraph 1 of this Schedule.
 - (b) Any amount withdrawn after the first Principal Payment Date shall be repaid on each Principal Payment Date falling after the date of such withdrawal in amounts determined by the Bank by multiplying the amount of each such withdrawal by a fraction, the numerator of which is the original Installment Share specified in the table in paragraph 1 of this Schedule for said Principal Payment Date (“Original Installment Share”) and the denominator of which is the sum of all remaining Original Installment Shares for Principal Payment Dates falling on or after such date, such amounts repayable to be adjusted, as necessary, to deduct any amounts referred to in paragraph 4 of this Schedule, to which a Currency Conversion applies.
3. (a) Amounts of the Loan withdrawn within two calendar months prior to any Principal Payment Date shall, for the purposes solely of calculating the principal amounts payable on any Principal Payment Date, be treated as

withdrawn and outstanding on the second Principal Payment Date following the date of withdrawal and shall be repayable on each Principal Payment Date commencing with the second Principal Payment Date following the date of withdrawal.

- (b) Notwithstanding the provisions of sub-paragraph (a) of this paragraph, if at any time the Bank adopts a due date billing system under which invoices are issued on or after the respective Principal Payment Date, the provisions of such sub-paragraph shall no longer apply to any withdrawals made after the adoption of such billing system.
4. Notwithstanding the provisions of paragraphs 1 and 2 of this Schedule, upon a Currency Conversion of all or any portion of the Withdrawn Loan Balance to an Approved Currency, the amount so converted in the Approved Currency that is repayable on any Principal Payment Date occurring during the Conversion Period, shall be determined by the Bank by multiplying such amount in its currency of denomination immediately prior to the Conversion by either: (i) the exchange rate that reflects the amounts of principal in the Approved Currency payable by the Bank under the Currency Hedge Transaction relating to the Conversion; or (ii) if the Bank so determines in accordance with the Conversion Guidelines, the exchange rate component of the Screen Rate.
 5. If the Withdrawn Loan Balance is denominated in more than one Loan Currency, the provisions of this Schedule shall apply separately to the amount denominated in each Loan Currency, so as to produce a separate amortization schedule for each such amount.

APPENDIX

Definitions

1. “Anti-Corruption Guidelines” means the “Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants”, dated October 15, 2006 and revised in January 2011.
2. “Beneficiary” means any individual, private enterprise, dekhani farm, farmer or farmers’ association, who is either engaged in or intends to engage with support of Investment and Working Capital Sub-loan or Lease Financing in any agribusiness activity in a rural area, including processing, marketing, distribution, trade, service and production activities, duly registered pursuant to the laws of the Borrower, to which a PFI, proposes to make or has made an Investment and Working Capital Sub-loan or a Lease Financing, and “Beneficiaries” means any group of said Beneficiary.
3. “Category” means a category set forth in the table in Section IV of Schedule 2 to this Agreement.
4. “Consultant Guidelines” means the “Guidelines: Selection and Employment of Consultants under IBRD Loans and IDA Credits and Grants by World Bank Borrowers” dated January 2011.
5. “Credit Line Investment Guidelines” means the guidelines referred to in Section I.A.2 of Schedule 2 to this Agreement.
6. “EMP(s)” means the Borrower’s site-specific environmental management plan(s), acceptable to the Bank prepared or to be prepared during the Project implementation in accordance with the EMF and approved by the Bank, describing environmental mitigation, monitoring and institutional measures for any Sub-project under the Project.
7. “Environmental Management Framework” or “EMF” means the Borrower’s Environmental Management Framework, dated February 14, 2014, satisfactory to the Bank, describing the environmental mitigation, monitoring and institutional measures under the Project and referred to in Section I.E of Schedule 2 to this Agreement and outlining the procedures for: (a) screening Sub-projects based on their expected impacts on the natural and social environment; (b) evaluating their risks; (c) defining a need for environmental assessment as part of procedure for preparing EMP(s); (d) disclosure; and (e) management, related to the selection and implementation of the Sub-projects under the Project.

8. “FBM” “Feedback Mechanism” means the system aimed to receive grievances on alleged child and forced labor occurrences that might be associated with the Project activities or within the Project Area, to be carried out by the TPM Consultant in accordance with the relevant terms of reference approved by the Bank.
9. “General Conditions” means the “International Bank for Reconstruction and Development General Conditions for Loans”, dated March 12, 2012.
10. “Investment and Working Capital Sub-loan” means a loan made or proposed to be made by a PFI out of the proceeds of the Loan for purposes of financing all or a portion of the expenditures incurred by a Beneficiary under a Sub-project.
11. “Lease Financing” means financing provided or to be provided by a PFI to a Beneficiary for purposes of financing the lease of (with the option to purchase) vehicles, equipment and/or machinery for purposes of carrying out a Sub-project, involving the periodical payment to PFI of a lease payment consisting in part of an amortization component as set forth in the Credit Line Investment Guidelines.
12. “Participating Research Institutes” means, collectively, the Institute for Fruit Growing, Viticulture and Winemaking (MIRZAVEV); the Research Institute for Vegetables, Melons and Potatoes (RIVMP); and the Scientific Research Institute for Plant Protection (UzNIIZR); and any other research institute selected in accordance with the criteria set forth in the Project Implementation Plan and acceptable to the Bank.
13. “PFI” means a commercial bank or lease company of the Borrower, as the same are defined by the Borrower’s applicable legislation, selected to participate in Part 2 of the Project pursuant to the eligibility criteria set forth in the Credit Line Investment Guidelines for the purposes of Part 2 of the Project.
14. “Procurement Guidelines” means the “Guidelines: Procurement of Goods, Works and Non-consulting Services under IBRD Loans and IDA Credits and Grants by World Bank Borrowers” dated January 2011.
15. “Procurement Plan” means the Borrower’s procurement plan for the Project, dated April 29, 2014 and referred to in paragraph 1.18 of the Procurement Guidelines and paragraph 1.25 of the Consultant Guidelines, as the same shall be updated from time to time in accordance with the provisions of said paragraphs.
16. “Project Area” means the following Borrower’s regions: Andijon; Jizzak; Fergana; Kashkadarya; Karakalpakstan; Namangan; Samarkand; and Tashkent.
17. “Project Implementation Plan” means the manual to be adopted by the Borrower pursuant to Section 5.01 of this Agreement, setting forth, *inter alia*, the

institutional, disbursement, procurement and financial management arrangements for the implementation of the Project.

18. “RRA” means the Rural Restructuring Agency, an independent administrative body operating under the Borrower’s Ministry of Agriculture and Water Resources, or any successor thereto.
19. “Soum” means the lawful currency of the Borrower.
20. “Sub-financing Agreement” means an Investment and Working Capital Sub-loan agreement to be entered into between the PFI and the Beneficiary, as the case may be, for provision of an Investment and Working Capital Sub-loan or Lease Financing pursuant to the Credit Line Investment Guidelines.
21. “Sub-financing” means an Investment and Working Capital Sub-loan or Lease Financing, collectively.
22. “Sub-project” means a specific investment project for a productive agribusiness activity that meets criteria set forth in the Credit Line Investment Guidelines.
23. “Subsidiary Loan Agreement” means the agreement referred to in Section I.C.1 of Schedule 2 to this Agreement pursuant to which the Borrower shall make part of the proceeds of the Financing available to the PFI, as the same may be amended from time to time, and such term includes all schedules supplemental to the Subsidiary Loan Agreement.
24. “Subsidiary Loan” means any loan made by the Borrower to a PFI for the purposes of on lending to a Beneficiary pursuant to a Subsidiary Loan Agreement.
25. “TPM Consultant” means a firm or organization, with internationally recognized expertise in social audit and monitoring and evaluation of development projects, to be engaged by the Bank for carrying out TPM and FBM in accordance with the relevant terms of reference approved by the Bank.
26. “TPM” or “Third Party Monitoring” means monitoring activity (including, *inter alia*: periodic site visits; assessments of local context and conditions; interviews, awareness raising and training preparation of reports) to be carried out by a TPM Consultant with the purpose of detecting any occurrence of child and forced labor in connection with the Project activities or within the Project Area, and confirming compliance with applicable laws and regulations on child and forced labor, all in accordance with the relevant terms of reference approved by the Bank.

27. "Withheld Taxes" means the following taxes withheld at source: taxes for social charges; income taxes for residents and non-residents; and custom registrations duties withheld at the source.