



DOCUMENT OF THE WORLD BANK

RESTRUCTURING PAPER  
ON A  
PROPOSED PROJECT RESTRUCTURING  
OF  
HORTICULTURE DEVELOPMENT PROJECT  
APPROVED ON JUNE 12, 2014  
TO  
REPUBLIC OF UZBEKISTAN

AGRICULTURE AND FOOD

EUROPE AND CENTRAL ASIA

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**I. BASIC DATA****Product Information**

Project ID P133703	Financing Instrument Investment Project Financing
Original EA Category Partial Assessment (B)	Current EA Category Partial Assessment (B)
Approval Date 12-Jun-2014	Current Closing Date 30-Jun-2023

**Organizations**

Borrower Republic of Uzbekistan	Responsible Agency International Strategic Center for Agri-Food Development (ISCAD, former UZAIFSA)
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**Project Development Objective (PDO)**

Original PDO

The project development objective is to enhance the productivity and profitability of horticulture sector in the project area.

**Summary Status of Financing (US\$, Millions)**

Ln/Cr/Tf	Approval	Signing	Effectiveness	Closing	Net		
					Commitment	Disbursed	Undisbursed
IBRD-88240	30-Jan-2018	17-May-2018	25-Jun-2018	30-Jun-2023	500.00	476.37	23.63
IBRD-83930	12-Jun-2014	08-Apr-2015	05-Oct-2015	30-Jun-2023	150.00	146.36	3.64
TF-A7910	07-Sep-2018	07-Sep-2018	10-Nov-2018	28-Feb-2023	19.28	20.06	2.16



## Policy Waiver(s)

Does this restructuring trigger the need for any policy waiver(s)?

No

## II. SUMMARY OF PROJECT STATUS AND PROPOSED CHANGES

1. The proposed restructuring seeks a project closing date extension of the Horticulture Development Project's Additional Financing (AF) (Loan #8824) from June 30, 2023 to June 30, 2024 (12 months) and an extension of the closing date of the Recipient-executed EU Trust Fund (RETF) from February 28, 2023 to June 30, 2024 (15 months). The restructuring is sought to allow to make use of the accumulated savings in the amount of US\$ 11,233,923.18 million under the IBRD AF and to complete the ongoing contracts/activities under the EU RETF. No extension of the parent/original IBRD loan (#8393) is being sought and the loan will close on June 30, 2023. The cumulative extension of the EU Grant Agreement now totals 36 months.
2. The Addendum to the Parent TF (072780) Administration Agreement to extend the RETF closing date to June 30, 2024 (with the end disbursement date extended to June 30, 2025) was approved by the RVP on November 8, 2022, and the Administration Agreement signed between the Bank and the EU on February 25, 2023.
3. The Borrower (Ministry of Finance), in its letter dated December 27, 2022, requested the Bank to extend the closing dates of the Loan Agreement (#8393), AF Loan Agreement (#8824) and EU Grant Agreement (#TF0A7910) to allow implementing agency to complete the remaining activities. Following the clarifications from the Ministry of Finance and Project Implementation Unit, the reallocation amount would be US\$11,233,923.18 million savings under IBRD AF from Component 1 (Agriculture Support Services) to Component 2 (Access to Finance).
4. The project has been performing well throughout its implementation period, as evidenced by the long-sustained satisfactory DO and IP ratings. To-date, the original IBRD loan (#8393) has disbursed 98%, the AF Loan (#8824) - 95% and the EU RETF grant – 90%. Overall, the project is on track towards meeting its development objectives. Two out of three PDO-level indicators, on horticulture productivity and profitability, have exceeded their target values, and the remaining PDO indicator on 'the Change in aggregate portfolio lending by participating financial institutions to horticulture sector' is expected to be fully achieved by the proposed extended closing date. The intermediate results indicators (18) are mostly on track with four already overachieving the targets. There are no pending audit reports and IFRs for the project as of the time of this restructuring.
5. Component 1 - Agriculture Support Services: This component is strengthening the capacity of participating research institutes and plant protection services to provide demand driven, participative technology transfer that will help the farmers to respond to the emerging market opportunities. Most of the planned activities are completed. Though not originally planned, based on the recommendation and agreement with the EU, savings under the EU RETF were used to initiate two covid-response contracts (EU/DC/04 and EU/DC/05) implemented by the participating research institutes to support household land plot owners, small-scale farmers and cooperatives on agro-technology and horticulture marketing development.
6. Also, implementation of other two technical assistance contracts (EU/QCBS/01 and for EU/QCBS/02) was delayed due to COVID-19 pandemic impact leading to the protracted contract signing. These contracts commenced in August 2020, but will not be completed until the current closing date of June 30, 2023 due to the seasonal nature of



the activities. The activities to be completed under these contracts remains of high relevance and would add value and support to the targeted farmers in the current situation, as well as further boost the achievement of the PDO and support to smallholder farmers.

7. Component 2 - Access to Finance: The component is enhancing the access to financial services for farmers and agribusinesses operating in the horticulture sector, to enable them to undertake the investments to strengthen their productivity and competitiveness. The implementation of the component is progressing well. To date, 98 percent of the credit line allocation (or US\$ 609 million of the total of US\$ 621 million) have been disbursed, and the Participating Financial Institutions (PFI) training has provided good results leading to timely review and appraisal of sub-loan application.

8. Most PFIs have disbursed their allocated project credit resources to the final beneficiaries (Table 1). Undisbursed Subsidiary Loan balances only remain in Asaka Bank, the National Bank of Uzbekistan, and Asia Alliance Bank. The disbursement details and remaining balances per PFIs are provided in Table 1. The undisbursed subsidiary loan balance totaling US\$ 11.6 million remain with three PFIs and expected to be disbursed by the end of extended closing date.

Table 1: Signed Loan Agreement (SLA) Allocations and Disbursements by PFIs

Regions	Number of sub-loans	Total amount (US\$ million)	Average loan size (US\$ million)
Karakalpakstan	16	12.5	0.78
Andijon	28	15.4	0.55
Bukhara	141	84.7	0.60
Jizzah	49	28.4	0.58
Kashkadaryo	60	33.4	0.56
Navoiy	22	18.4	0.83
Namangan	35	14.5	0.41
Samarkand	166	120.6	0.72
Syrdaryo	213	20.6	0.97
Surkhondaryo	44	36.2	0.82
Tashkent	119	102.4	0.86
Fargona	65	35.9	0.55
Khorezm	153	87.3	0.56
<b>Total</b>	<b>1,111</b>	<b>610.3</b>	

9. Characteristics of the sub-loan portfolio. The component facilitated the following: (i) 241 sub-loans (US\$ 89.1 million, the total capacity of 231,316 tons) for the establishment of cold storages; 666 sub-loans (US\$ 383.1 million, the total capacity of 908 ha) for greenhouses and vegetable production; 69 sub-loans (US\$ 49.4 million, the total capacity of 7,763 ha) for orchards and vineyards; 80 sub-loans (US\$ 64 million, the total capacity of 232,630 tons) for the processing of agricultural produce; 36 sub-loans (US\$ 19.2 million) for packing horticultural products; 7 sub-loans (US\$ 1.5 million, the total capacity of 55 units) for agricultural machinery; 12 sub-loans (US\$ 1.7 million, the total capacity of 40 units) for refrigerator truck; 1 sub-loan (US\$ 0.9 million) for laboratory equipment; (ii) HDP and HDP AF



credit line facilities supported 185 sub-loans for female-owned agricultural businesses and 513 smallholder beneficiaries in the amounts of US\$ 99 million and US\$ 61.6 million, respectively; (iii) In terms of regional distribution (Table 2), most of the sub-loans were provided in Syrdaryo (213 sub-loans), Samarkand (166), Khorezm (153), Bukhara (141), and Tashkent (119).

Table 2. Breakdown of sub-loans by regions

Regions	Number of sub-loans	Total amount (US\$ million)	Average loan size (US\$ million)	
Karakalpakstan	16	12.5	0.78	
Andijon	28	15.4	0.55	
Bukhara	141	84.7	0.60	
Jizzah	49	28.4	0.58	
Kashkadaryo	60	33.4	0.56	
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Fargona	65	35.9	0.55	
Khorezm	153	87.3	0.56	
Total	1,111	610.3		

10. Following discussions with the Implementing Agency, it was agreed that pending contracts to be financed from the EU grant can be completed by September 30, 2023 for EU/QCBS/01 and EU/QCBS/02 contracts, and by May 30, 2024 for EU/DC/04 and EU/DC/05 contracts. It was also agreed with the Implementing Agency that the balance remaining under original IBRD loan (#8393) in the amount of US\$ 3.64 million will be utilized for the planned activities until the current loan closing date of June 30, 2023.

### III. DETAILED CHANGES

11. This is the third restructuring of the project. The first restructuring was processed on September 13, 2017 to reallocate funds between the disbursement categories. The second restructuring included the extension of the EU Grant Agreement closing date to align with the closing dates of the IBRD Loans (#8393 and #8824). In response to the aforementioned requests from the Ministry of Finance/Borrower, the following changes are proposed under this Level II restructuring:

- Changes to Components and Costs: With regards to IBRD Loan (#8824) - re-assignment of US\$11,233,923.18 million savings from Component 1 Agriculture Support Services to Component 2 Access to Finance.
- Reallocation between Disbursement Categories: With regards to IBRD Loan (#8824) - reallocation of the amount of US\$11,233,923.18 million from Category (1) Goods, works, non-consulting services, consulting services and Training under Part 1.1 (b) of the Project to Category (3) Investment and Working Capital Sub-loans and Lease Financings under Part 2(a) of the Project.



- Extension of Closing Date: (1) Loan Agreement (IBRD Loan #8824) to be extended by 12 months - from June 30, 2023, to June 30, 2024 (1st extension), and (2) Grant Agreement (EU Grant #TF0A7910) to be extended by 15 months from February 28, 2023 to June 30, 2024 (2nd extension; the cumulative extension is 36 months from the original closing date). The extension will not trigger changes to the Results Framework.
- Change in Disbursement Estimates: With regards to IBRD Loan (#8824) - to reflect the updated disbursement projections given the extended implementation period.
- Change in Implementation Schedule to reflect the extended implementation period.

III. DETAILED CHANGES

LOAN CLOSING DATE(S)

Ln/Cr/Tf	Status	Original Closing	Revised Closing(s)	Proposed Closing	Proposed Deadline for Withdrawal Applications
IBRD-83930	Effective	30-Jun-2021	30-Jun-2023	30-Jun-2023	30-Oct-2023
IBRD-88240	Effective	30-Jun-2023		30-Jun-2024	31-Oct-2024
TF-A7910		31-Dec-2020	28-Feb-2023	30-Jun-2024	31-Oct-2024

REALLOCATION BETWEEN DISBURSEMENT CATEGORIES

Ln/Cr/TF	Current Expenditure Category	Current Allocation	Actuals + Committed	Proposed Allocation	Disbursement % (Type Total)	
					Current	Proposed
IBRD-88240-001 Currency: USD	G,W,non-CS,CS,TR, Part 1.1. (b)	20,361,400.00	8,462,218.00	9,127,476.82	100.00	100.00
	Non-CS,CS,TR,IOC, Parts 2(b) and 3	2,110,870.00	454,584.86	2,110,870.00	100.00	100.00



# The World Bank

Horticulture Development Project (P133703)

Inv.and Work.Cap.SLs,Le ase Fin.,P2a	476,277,730.00	465,359,763.80	487,511,653.18	100.00	100.00
FRONT END FEE	1,250,000.00	1,250,000.00	1,250,000.00		
<b>Total</b>	<b>500,000,000.00</b>	<b>475,526,566.66</b>	<b>500,000,000.00</b>		