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**LOAN NUMBER 9509-UZ**

# **Loan Agreement**

**(Second Livestock Sector Development Project)**

**between**

**REPUBLIC OF UZBEKISTAN**

**and**

**INTERNATIONAL BANK FOR RECONSTRUCTION  
AND DEVELOPMENT**

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## **LOAN AGREEMENT**

AGREEMENT dated as of the Signature Date between REPUBLIC OF UZBEKISTAN (“Borrower”) and 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) apply to and form 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 the amount of ninety million Dollars (\$90,000,000), as such amount may be converted from time to time through a Currency Conversion (“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 III of Schedule 2 to this Agreement.
- 2.03. The Front-end Fee is one quarter of one percent (0.25%) of the Loan amount.
- 2.04. The Commitment Charge is one quarter of one percent (0.25%) per annum on the Unwithdrawn Loan Balance.
- 2.05. The interest rate is the Reference Rate plus the Variable Spread or such rate as may apply following a Conversion; subject to Section 3.02(e) of the General Conditions.
- 2.06. The Payment Dates are March 15 and September 15 in each year.
- 2.07. The principal amount of the Loan shall be repaid in accordance with Schedule 3 to this Agreement.

### **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 the MOA, through the CVLD,

in accordance with the provisions of Article V of the General Conditions and Schedule 2 to this Agreement.

#### **ARTICLE IV — REMEDIES OF THE BANK**

- 4.01. The Additional Event of Suspension consists of the following: the CVLD Legislation has been amended, suspended, abrogated, repealed, or waived so as to affect, materially and adversely, in the opinion of the Bank, the ability of the Borrower to perform any of its obligations under this Agreement.
- 4.02. The Additional Event of Acceleration consists of the following: the event specified in Section 4.01 of this Agreement occurs.

#### **ARTICLE V — EFFECTIVENESS; TERMINATION**

- 5.01. The Additional Conditions of Effectiveness consist of the following:
  - (a) The Financing Agreement has been executed and delivered and all conditions precedent to its effectiveness or to the right of the Borrower to make withdrawals under it (other than the effectiveness of this Agreement) have been fulfilled.
  - (b) The Borrower, through the MOA, through the CVLD, has established a Project Implementation Unit in accordance with Section I.A.1 of Schedule 2 to the Financing Agreement.
  - (c) The Borrower, through the MOA, through the CVLD, has adopted the Project Operations Manual in accordance with the provisions of Section I.B of Schedule 2 to the Financing Agreement.
- 5.02. The Effectiveness Deadline is the date ninety (90) days after the Signature Date.

#### **ARTICLE VI — REPRESENTATIVE; ADDRESSES**

- 6.01. The Borrower's Representative is its Minister of Economy and Finance.
- 6.02. For purposes of Section 10.01 of the General Conditions: (a) the Borrower's address is:

Ministry of Economy and Finance  
29, Istiklol St.  
Tashkent, 100017  
Republic of Uzbekistan; and

- (b) the Borrower's Electronic Address is:

Facsimile:  
(998-71) 233-7073  
(998-71) 239-1259

- 6.03. For purposes of Section 10.01 of the General Conditions: (a) the Bank's address is:

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

- (b) the Bank's Electronic Address is:

Telex:	Facsimile:
248423(MCI) or	1-202-477-6391
64145(MCI)	

AGREED as of the Signature Date.

**REPUBLIC OF UZBEKISTAN**

**By**

*Sherzod Kudbiyev*

\_\_\_\_\_  
**Authorized Representative**

**Name:** Sherzod kudbiyev \_\_\_\_\_

**Title:** Minister \_\_\_\_\_

**Date:** 01-Jun-2023 \_\_\_\_\_

**INTERNATIONAL BANK FOR  
RECONSTRUCTION AND DEVELOPMENT**

**By**

*Marco Mantovanelli*

\_\_\_\_\_  
**Authorized Representative**

**Name:** Marco Mantovanelli \_\_\_\_\_

**Title:** Country Manager \_\_\_\_\_

**Date:** 29-May-2023 \_\_\_\_\_

## SCHEDULE 1

### Project Description

The objective of the Project is to support the development of a productive, market-oriented, sustainable, and inclusive livestock subsector in Uzbekistan.

The Project consists of the following parts:

#### 1. Strengthen public livestock support services

Improve the capacity of public institutions involved in providing livestock support services, through:

- 1.1 improvement of the policy and legal framework of the livestock subsector, through:
  - (a) review and update of existing policies, legislation, regulations, standards, and organizational structures; and
  - (b) review, formulation and implementation of policies and legislation to build capacity in mainstreaming climate change into the policy and legislation formulation processes, and to raise awareness, and implement the One Health approach;
- 1.2 improvement of the CVLD's management and service delivery capacity, through:
  - (a) development of systems, including *inter alia* a veterinary information system;
  - (b) rehabilitation and refurbishment of office and laboratory buildings; acquisition of equipment and vehicles; and
  - (c) capacity building on selected priority development areas;
- 1.3 strengthening of public livestock extension and advisory services provided by the CVLD and other public institutions, through:
  - (a) carrying out a needs assessment of the CVLD;
  - (b) rehabilitation and refurbishment of office and laboratory buildings of selected public institutions; acquisition of equipment, farm machinery, and vehicles;

- (c) capacity building of selected extension staff, farmers, and agribusinesses personnel on key aspects of climate-smart agriculture and sustainable livestock production;
- (d) development of materials: (i) on extension, including *inter alia* brochures, posters, and leaflets; and (ii) documenting best practices targeted to *dehkans* farms;
- (e) carrying out capacity building on, including demonstration of, improved technologies and scaling up best practices to *dehkans* and commercial farmers; and
- (f) development and implementation of a public education campaign on diet- appropriate nutrition and food preparation practices that are also climate resilient; and

1.4 strengthening of public institutions involved in livestock research and development, through:

- (a) construction or rehabilitation and refurbishment of office and laboratory buildings, greenhouses and lathhouses; acquisition of equipment and vehicles; and
- (b) capacity building on the design, implementation, monitoring, and evaluation of climate-smart, demand driven and inclusive research and development programs.

## **2. Strengthen market and value addition infrastructure and facilitate trade**

Improve market access and enhance import control, through:

2.1 improvement of market access for livestock farmers, processors, and other value chain actors, especially *dehkan* farmers, through:

- (a) establishment and/or strengthening of livestock market and value-addition facilities, including:
- (b) capacity building of livestock producers, traders, and staff of public institutions involved in livestock marketing, on the development of vertical and horizontal integration and coordination among livestock value chain actors for production, processing, marketing, and input supplies through productive partnerships;

- (c) development of vertical and horizontal coordination among value chain actors for production, processing, marketing, and input supplies; and
  - (d) establishment of livestock market information systems;
- 2.2 strengthening of border security and quarantine, through:
- (a) development of a comprehensive, integrated, and climate-smart border control strategy;
  - (b) construction, rehabilitation, and refurbishing of border inspection posts;
  - (c) establishment of on-farm quarantine stations; and
  - (d) establishment of cross-border collaboration on animal movements and control; and
- 2.3 developing and implementing an animal identification, registration, and traceability system, through:
- (a) acquisition of information and communications technology equipment, software, and field equipment, including vehicles;
  - (b) coordination with relevant national and regional institutions and local authorities; preparation and carrying out a cattle census and a holding census;
  - (c) support for drafting relevant legislation and regulations;
  - (d) capacity building on operationalization of the animal identification, registration, and traceability system; and
  - (e) preparation and carrying out of a communication plan.

### **3. Promote green and resilient livestock value chains**

Achieve climate-smart, sustainable, and more resilient livestock value chains through:

- 3.1 improving access to finance of livestock producers for investments that strengthen on-farm climate resilience and provide climate change co-benefits, through:



- (a) provision of financing to commercial farmers, agribusinesses, productive partnerships, and other value chain actors; and investments implementation capacity building; and
  - (b) provision of financing to *dehkan* farmers; and investments implementation capacity building; and
- 3.2 capacity building of PFIs' staff on innovative financing instruments, including digital financial services and value chain financing modalities for livestock farmers and agribusiness enterprises, and on integrating climate change measures in financing programs.

#### **4. Project management and coordination**

Provide support for Project implementation, including *inter alia*: (a) administrative, social, and environmental management, financial management, procurement, contract administration, reporting, monitoring, and evaluation activities; (b) capacity building of the PIU and the RPIUs; and (c) carrying out of baseline and completion surveys, assessments, data collection, and annual audits.

## SCHEDULE 2

### Project Execution

#### Section I. Implementation Arrangements

The Borrower shall implement the Project in accordance with the Implementation Arrangements set forth in Section I of Schedule 2 to the Financing Agreement; and for this purpose, all references therein to: (a) "Recipient" shall be deemed herein to read "Borrower"; and (b) "Association" shall be deemed herein to read "Bank".

#### Section II. Project Monitoring, Reporting, and Evaluation

The Borrower shall furnish to the Bank each Project Report not later than one (1) month after the end of each calendar semester, covering the calendar semester.

#### Section III. Withdrawal of Loan Proceeds

##### A. General<sup>1</sup>

Without limitation upon the provisions of Article II of the General Conditions and in accordance with the Disbursement and Financial Information Letter, the Borrower may withdraw the proceeds of the Loan to: (a) finance Eligible Expenditures; and (b) pay: (i) the Front-end Fee; and (ii) each Interest Rate Cap or Interest Rate Collar premium; in the amount allocated and, if applicable, up to the percentage set forth against each Category of the following table:

Category	Amount of the Loan Allocated (expressed in USD)	Percentage of Expenditures to be financed (exclusive of Taxes other than Withheld Taxes)
(1) Goods, works, non-consulting services, consulting services, Training and Operating Costs under the Project (excluding Sub-Loans under Part 3.1 of the Project)	0	100%

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<sup>1</sup> This section will be finalized based on the Borrower's selection in the LCW.

<b>Category</b>	<b>Amount of the Loan Allocated (expressed in USD)</b>	<b>Percentage of Expenditures to be financed (exclusive of Taxes other than Withheld Taxes)</b>
(2) Sub-Loans under Part 3.1 of the Project	89,775,000	100%
(3) Front-end Fee	225,000	Amount payable pursuant to Section 2.03 of this Agreement in accordance with Section 2.07 (b) of the General Conditions
(4) Interest Rate Cap or Interest Rate Collar premium	0	Amount due pursuant to Section 4.05 (c) of the General Conditions
<b>TOTAL AMOUNT</b>	<b>90,000,000</b>	

**B. Withdrawal Conditions; Withdrawal Period**

1. Notwithstanding the provisions of Part A above, no withdrawal shall be made:
  - (a) for payments made prior to the Signature Date; or
  - (b) under Category (2) unless:
    - (i) the Credit Line Guidelines have been prepared in accordance with Section I.C of Schedule 2 to the Financing Agreement, and adopted in a manner acceptable to the Bank; and
    - (ii) at least one Subsidiary Loan Agreement has been executed and delivered and all conditions precedent to its effectiveness have been fulfilled.
2. The Closing Date is December 31, 2028.

**SCHEDULE 3**

**Commitment-Linked Amortization Repayment Schedule**

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”).

**Level Principal Repayments**

<b>Principal Payment Date</b>	<b>Installment Share</b>
On each March 15 and September 15 Beginning March 15, 2028 through September 15, 2047	2.50%

## **APPENDIX**

### **Definitions**

1. “Anti-Corruption Guidelines” means, for purposes of paragraph 6 of the Appendix to the General Conditions, 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 and as of July 1, 2016.
2. “Association” means the International Development Association.
3. “Bank” means the International Bank for Reconstruction and Development.
4. “Beneficiary” means an individual or a micro, small or medium size enterprise duly established and selected by a PFI in accordance to the Credit Line Guidelines to receive a Sub-Loan for the carrying out of a Sub-Project; and “Beneficiaries” means, collectively, all such Beneficiary.
5. “Category” means a category set forth in the table in Section III.A of Schedule 2 to this Agreement.
6. “Credit Line Guidelines” means the manual referred to under Section I.C of Schedule 2 to the Financing Agreement.
7. “CVLD” means the Borrower’s Committee of Veterinary and Livestock Development, an agency established pursuant to the CVLD Legislation (as defined hereinafter), or its successor thereof.
8. “CVLD Legislation” means the Decrees of the President of the Republic of Uzbekistan Nos. UP-5696, dated March 28, 2019, establishing the CVLD; PP-4254, dated March 28, 2019 on the organization of the activities of the State Committee of Veterinary and Livestock Development; and UP-269, dated December 21, 2022 on administrative reforms and transfer of the State Committee of Veterinary and Livestock Development under the MOA.
9. “Environmental and Social Commitment Plan” or “ESCP” means the environmental and social commitment plan for the Project, dated March 15, 2023, as the same may be amended from time to time in accordance with the provisions thereof, which sets out the material measures and actions that the Borrower shall carry out or cause to be carried out to address the potential environmental and social risks and impacts of the Project, including the timeframes of the actions and measures, institutional, staffing, training, monitoring and reporting arrangements, and any environmental and social instruments to be prepared thereunder.

10. “Environmental and Social Standards” or “ESSs” means, collectively: (i) “Environmental and Social Standard 1: Assessment and Management of Environmental and Social Risks and Impacts”; (ii) “Environmental and Social Standard 2: Labor and Working Conditions”; (iii) “Environmental and Social Standard 3: Resource Efficiency and Pollution Prevention and Management”; (iv) “Environmental and Social Standard 4: Community Health and Safety”; (v) “Environmental and Social Standard 5: Land Acquisition, Restrictions on Land Use and Involuntary Resettlement”; (vi) “Environmental and Social Standard 6: Biodiversity Conservation and Sustainable Management of Living Natural Resources”; (vii) “Environmental and Social Standard 7: Indigenous Peoples/Sub-Saharan African Historically Underserved Traditional Local Communities”; (viii) “Environmental and Social Standard 8: Cultural Heritage”; (ix) “Environmental and Social Standard 9: Financial Intermediaries”; (x) “Environmental and Social Standard 10: Stakeholder Engagement and Information Disclosure”; effective on October 1, 2018, as published by the Bank.
11. “Financing Agreement” means the agreement between the Borrower and the Association for the Project, of the same date as this Agreement, as such agreement may be amended from time to time. “Financing Agreement” includes all appendices, schedules and agreements supplemental to the Financing Agreement.
12. “General Conditions” means the “International Bank for Reconstruction and Development General Conditions for IBRD Financing, Investment Project Financing”, dated December 14, 2018 (revised on August 1, 2020, December 21, 2020, April 1, 2021, and January 1, 2022).
13. “Infrastructure and Human Capacity Needs Assessment” means the assessment referred to under Section I.A.4 of Schedule 2 to the Financing Agreement.
14. “Investment Plan” means the plan referred to under Section I.A.5 of Schedule 2 to the Financing Agreement.
15. “MEF” means the Borrower’s Ministry of Economy and Finance, or any successor thereto acceptable to the Bank.
16. “MOA” means the Borrower’s Ministry of Agriculture, or any successor thereto acceptable to the Bank.
17. “MOH” means the Borrower’s Ministry of Health, or any successor thereto acceptable to the Bank.
18. “One Health” is a collaborative approach that explicitly combines human, animal, and ecosystem health to prevent, detect, respond to, and recover from infectious diseases, with an endpoint of improving global health security and achieving and sustaining gains in development.

19. “Operating Costs” means the reasonable costs, as shall have been approved by the Bank, for the incremental expenses incurred on account of Project implementation, consisting of vehicle operation and maintenance, communication and insurance costs, banking charges, rental expenses, office (and office equipment) maintenance, utilities, document duplication/printing, consumables, travel cost and per diem for Project staff for travel linked to the implementation of the Project, and salaries of contractual staff for the Project (but excluding consulting services and salaries of officials of the Borrower’s civil service).
20. “PFI” means a commercial bank in the Borrower’s territory selected by the Borrower in accordance to the Credit Line Guidelines to receive a Subsidiary Loan; and “PFIs” means, collectively, all such PFI.
21. “PIU” or “Project Implementation Unit” means the unit referred to under Section I.A.1 of Schedule 2 to the Financing Agreement.
22. “Procurement Regulations” means, for purposes of paragraph 84 of the Appendix to the General Conditions, the “World Bank Procurement Regulations for IPF Borrowers”, dated November 2020.
23. “Project Implementing Entity” means the CVLD.
24. “Project Operations Manual” means the manual referred to under Section I.B of Schedule 2 to the Financing Agreement.
25. “RPIU” or “Regional Project Implementation Unit” means any of the units referred to under Section I.A.1 of Schedule 2 to the Financing Agreement; and “RPIUs” means, collectively, all such RPIU.
26. “Signature Date” means the later of the two dates on which the Borrower and the Bank signed this Agreement and such definition applies to all references to “the date of the Loan Agreement” in the General Conditions.
27. “Steering Committee” means the committee referred to under Section I.A.2 of Schedule 2 to the Financing Agreement.
28. “Subsidiary Loan” means a loan made out of the proceeds of the Credit to PFIs, to provide financing to a Beneficiary to finance a Sub-Project under Part 3.1 of the Project in accordance with Section I.D of Schedule 2 to the Financing Agreement and the Credit Line Guidelines.
29. “Sub-Loan” means a loan made out of the proceeds of the Credit from PFIs to Beneficiaries, to finance a Sub-Project under Part 3.1 of the Project in accordance with Section I.E of Schedule 2 to the Financing Agreement and the Credit Line Guidelines; and “Sub-Loans” means, collectively, all such Sub-Loan.

30. “Sub-Loan Agreement” means any of the agreements referred to under Section I.E of Schedule 2 to the Financing Agreement.
31. “Subsidiary Loan Agreement” means any of the agreements referred to under Section I.D of Schedule 2 to the Financing Agreement.
32. “Sub-Project” means any of the investments referred to under Part 3.1 of the Project.
33. “Technical Committee” means the committee referred to under Section I.A.3 of Schedule 2 to the Financing Agreement.
34. “Training” means the reasonable costs, as shall have been approved by the Bank, for training conducted under the Project, including tuition, travel and subsistence costs for training participants, costs associated with securing the services of trainers, speakers, rental of training facilities, preparation and reproduction of training materials, and other costs directly related to training course preparation and implementation (but excluding goods and consulting services).
35. “Uzbekistan” means the Borrower’s territory.
36. “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.