



Date: 19-oct-2023

Mr. Djamshid Kuchkarov  
Deputy Prime Minister & WBG Governor  
Minister of Economy and Finance  
Ministry of Economy and Finance  
Istiqlol Street 29  
Tashkent 100017  
Republic of Uzbekistan

Dear Mr. Kuchkarov,

***Republic of Uzbekistan: IBRD Loan 9052-UZ  
Agriculture Modernization Project  
Amendment to the Loan Agreement***

We refer to a Loan Agreement between the Republic of Uzbekistan (“Borrower”) and the International Bank for Reconstruction and Development (“Bank”) for the above-referenced project (“Project”), dated July 11, 2020 (“Loan Agreement”).

We refer to your letters No. 38-04959-son, dated April 10, 2023, and No. 38-10538-son, dated June 13, 2023 requesting the Bank to make certain amendments to the Project (“Requests”). We also refer to our follow-up discussions in relation to the Requests.

We are pleased to inform you that the Bank concurs with the Requests with certain additional variations as agreed during our follow-up discussions and therefore, proposes to amend the Loan Agreement as follows:

1. The Project Description in Schedule 1 to the Loan Agreement shall be amended to read as follows:

*“The objectives of the Project are to (i) enhance productivity-supporting agricultural services and (ii) promote market-led agriculture value chains.”*

2. Part 2 of Schedule 1 to the Loan Agreement shall be amended to read as follows:

***“Part 2. Supporting Investments in Agriculture Value Chains***

*2.1 Provision, through selected PFIs, of Sub-Loans for Sub-project investments in agriculture value chains, including, but not limited to (a) intensive orchards and greenhouses; (b) energy efficient irrigation systems; (c) solar water heating systems and other climate-smart water saving and mechanization technologies; and (d) processing and storage facilities to Beneficiaries, as follows: (i) cooperatives and participants in cooperations and leasing companies all in agriculture sector, and (ii) members of productive partnerships, both farmers and agribusiness firms, individual farmers and agriculture firms, all operating in agriculture value chains.*

*2.2 Provision, through selected Participating Leasing Companies, of Leasing Sub-Loans for Leasing Equipment to Beneficiaries, as follows: (i) cooperatives and participants in cooperations, all in agriculture sector, and (ii) members of productive partnerships, both farmers and agribusiness firms, individual farmers and agriculture firms, all operating in agriculture value chains.”*

3. Section I.A.1(ii) (b) of Schedule 2 to the Loan Agreement shall be amended to read as follows:

*“Part 2.1 of the Project shall be implemented by the MoA, through ISCAD, with the participation of the PFIs; and*

*Part 2.2 of the Project shall be implemented by the MoA, through ISCAD, with the participation of the Participating Leasing Companies.”*

4. Section I.A.3 of Schedule 2 to the Loan Agreement shall be amended to read as follows:

*“The MoA, through ISCAD, shall (a) prepare and adopt the POM, the Credit Line Guidelines and Leasing Guidelines, all in accordance with the terms and conditions of this Agreement, and satisfactory to the Bank, and (b) carry out the Project in accordance with the provisions set out in the POM, the Credit Line Guidelines and the Leasing Guidelines (as relevant) which shall not be amended, suspended, abrogated, repealed or waived without the prior written approval of the Bank. In case of any conflict between the terms and conditions of this Agreement and the document(s) referred to in paragraph 3 (a) immediately above, this Agreement shall prevail.”*

5. A new part F shall be inserted in Section I of Schedule 2 of the Loan Agreement to read as follows:

*“F. Leasing*

*(A) Leasing Subsidiary Loan Agreements*

1. To facilitate the carrying out of Part 2.2 of the Project, the Borrower shall make part of the proceeds of the Loan available under subsidiary agreements between the Borrower, ISCAD and each Participating Leasing Company under terms and conditions approved by the Bank, including those set forth below (“Leasing Subsidiary Loan Agreements”).

2. The Borrower shall exercise its rights under the Leasing 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 Leasing Subsidiary Loan Agreements or any of its provisions.

3. The Borrower shall, in close cooperation with the Bank, select Participating Leasing Companies for Part 2.2 of the Project in accordance with the eligibility criteria set forth in the Leasing Guidelines.

4. The Participating Leasing Companies shall carry out appraisal of activities under Part 2.2 of the Project and Beneficiaries based on criteria set forth in the Leasing Guidelines. Appraisal shall include, inter alia: (i) environmental and social screening of the proposed Leasing Equipment and determining what type of environmental and social due diligence has to be carried out by the Beneficiary; and (ii) compliance with applicable laws and regulations on child and forced labor.

5. The Borrower shall ensure that each Leasing Subsidiary Loan Agreement shall comply with, but not be limited to, the following terms and conditions:

(a) the amount and currency of the Leasing Subsidiary Loan;

(b) the principal amount of the Leasing Subsidiary Loan shall be repaid by the respective Participating Leasing Company in Dollars and/or in Soum to the Borrower in semi-annual installments in accordance with the provision of the Leasing Guidelines;

(c) interest to be charged on the outstanding balances of the Leasing Subsidiary Loan;

(d) each Participating Leasing Company shall carry out Leasing Sub-Loans in accordance with the Anti-Corruption Guidelines; and

(e) each Participating Leasing Company shall be responsible for monitoring implementation of Leasing Sub-Loans 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 Leasing Sub-Loans from a respective Participating Leasing Company, said Leasing Sub-Loans shall be refunded to the Borrower and such Participating Leasing Company shall be disqualified from providing Leasing Sub-Loans under Part 2.2 of the Project, all in accordance with the relevant criteria and provisions established in the Leasing Guidelines.*

*(B) Leasing Sub-Loans*

*1. The Borrower shall ensure that Participating Leasing Companies make Leasing Sub-Loans to Beneficiaries in accordance with terms and conditions, eligibility criteria and procedures set forth in the Leasing Guidelines.*

*2. Leasing Sub-Loans shall not finance: (i) any non-eligible activities or expenditures listed in the Leasing Guidelines; (ii) any Leasing Equipment requiring involuntary land acquisition or resettlement or loss of assets or income; and (iii) any activity relating to cotton production.*

*3. The Borrower shall ensure that Participating Leasing Companies make each Leasing Sub-Loans under a Leasing Subsidiary Loan Agreement with each Beneficiary on terms and conditions set forth in the Leasing Guidelines, which shall, inter alia, include the following:*

*(a) the Leasing Sub-Loans shall be made to each Beneficiary in Dollars and/or Soum;*

*(b) interest shall be charged by Participating Leasing Companies on the principal amount of each Leasing Sub-Loans withdrawn and outstanding from time to time, at the prevailing interest rate under the concerned Leasing Subsidiary Loan Agreement of said Participating Leasing Company as determined in accordance with Section F.A.5 above plus a market-based spread determined by the Participating Leasing Company making such Leasing Sub-Loans;*

*(c) each Leasing Sub-Loans shall be made by the Participating Leasing Company to the Beneficiary on terms and conditions, including those relating to the maturity, currency denomination, and other charges determined in accordance with the Participating Leasing Company's investment and lending policies and practices, and the provisions of the Leasing Guidelines;*

*(d) the first three (3) Leasing Sub-Loans proposals irrespective of the amount shall be submitted by the Participating Leasing Companies to the Bank for its prior review and approval; and*

*(e) each Leasing Sub-Loan shall be made by the Participating Leasing Company 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 Leasing Sub-Loans, or declare to be immediately due and payable all or any part of the amount of the Leasing Sub-Loans then withdrawn, upon the Beneficiary's failure to perform any of its obligations under the Leasing Subsidiary Loan Agreements;*

*(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 Leasing Sub-Loans and request a refund of disbursed amounts under the Leasing Subsidiary Loan Agreements; and*

*(iii) require each Beneficiary to:*

*(A) use its Leasing Equipment: (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; and (4) in accordance with the ESCP;*

*(B) provide, promptly as needed, the resources required for the purpose;*

*(C) procure the goods to be financed out of the Leasing Sub-Loans 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 status of the Leasing Equipment 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 Leasing Equipment; 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 Leasing Equipment, 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.”*

6. The Disbursement Table in Section III. of Schedule 2 to the Loan Agreement shall be amended to read as follows:

“

<b><i>Category</i></b>	<b><i>Amount of the Loan Allocated (expressed in USD)</i></b>	<b><i>Percentage of Expenditures to be Financed (exclusive of Taxes other than Withheld Taxes)</i></b>
<i>(1) Sub-loans under Part 2.1 of the Project</i>	<i>140,547,500</i>	<i>100%</i>
<i>(2) Leasing Sub-loans under Part 2.2 of the Project</i>	<i>40,000,000</i>	<i>100%</i>
<i>(3) Front-end Fee</i>	<i>452,500</i>	<i>Amount payable pursuant to Section 2.03 of the Loan Agreement in accordance with Section 2.07 (b) of the General Conditions</i>
<i>(4) Interest Rate Cap or Interest Rate Collar premium</i>	<i>0</i>	<i>Amount due pursuant to Section 4.05 (c) of the General Conditions</i>
<b><i>TOTAL AMOUNT</i></b>	<b><i>181,000,000</i></b>	

”

7. Section III.B.1 of Schedule 2 to the Loan Agreement shall be amended to read as follows:

***“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;*

*(b) under Category (1) unless the Borrower has prepared and approved the Credit Line Guidelines in a manner satisfactory to the Bank, including the terms and conditions of the Subsidiary Loan Agreements to be entered into between MoF, ISCAD and each PFI pursuant to Section I.B of this Schedule; or*

*(c) under Category (2) unless the Borrower has prepared and approved the Leasing Guidelines in a manner satisfactory to the Bank, including the terms and conditions of the Leasing Subsidiary Loan Agreements to be entered into between MoF, ISCAD and each Participating Leasing Company pursuant to Section I.F of this Schedule.”*

8. paragraph 3 of Appendix to the Loan Agreement shall be amended to read as follows:

*““Beneficiary” means any of:*

*(1) (a) under Part 2.1 (i), cooperatives in agriculture sector, participants in cooperations in agriculture sector and leasing companies in agriculture sector and (b) under Part 2.1 (ii), members of productive partnerships, both farmers and agribusiness firms, individual farmers and agriculture enterprises all operating in agriculture value chains and selected by a PFI in accordance with the Credit Line Guidelines, to which the PFI proposes to make or has made a Sub-loan under Part 2.1 of the Project;*

*(2) (a) under Part 2.2 (i), cooperatives in agriculture sector and participants in cooperations in agriculture sector and (b) under Part 2.2(ii), members of productive partnerships, both farmers and agribusiness firms, individual farmers and agriculture enterprises all operating in agriculture value chains and selected by a Participating Leasing Companies in accordance with the Leasing Guidelines, to which the Participating Leasing Companies proposes to make or has made a Leasing Sub-Loans under Part 2.2 of the Project.*

*“Beneficiaries” means any two or more Beneficiaries.”*

9. paragraph 26 of Appendix to the Loan Agreement shall be amended to read as follows:

*“ISCAD” means the Borrower’s International Strategic Center for Agri-food Development under the MoA established pursuant to the President Resolution #58 dated December 22, 2021, as amended; or any successor thereto acceptable to the Bank.”*

10. Each of the following new definitions shall be inserted in an alphabetical order as new paragraphs to the Appendix to Loan Agreement with the wording as set out below; the current paragraphs in the Appendix to Loan Agreement shall be renumbered accordingly, each in alphabetical order.

*““Leasing Equipment” means agriculture machineries, agriculture equipment, and agriculture tools selected or proposed to be selected under Part 2.2 of the Project in accordance with eligibility criteria and procedures acceptable to the Bank and set forth in the Leasing Guidelines.*

*“Leasing Guidelines” means the guidelines referred to in Section I.A.3 of Schedule 2 to this Agreement.*

*“Leasing Sub-Loans” means a leasing arrangement made or proposed to be made by Participating Leasing Company to a Beneficiary out of the proceeds of the Leasing Subsidiary Loan for purposes of financing a Leasing Equipment.*

*“Leasing Subsidiary Loan Agreements” means the agreement pursuant to which the Borrower proposes to make, or has made, a part of the proceeds of the Loan available to Participating Leasing Company under Part 2.2 of the Project, as the same may be amended from time to time, with prior approval of the Bank.*

*“Leasing Subsidiary Loan” means a loan made by the Borrower to a Participating Leasing Company under Part 2.2 of the Project for the purposes of provision of leasing to a Beneficiary pursuant to a Leasing Subsidiary Loan Agreements.*

*”Participating Leasing Companies” means selected participating leasing companies of the Borrower, selected by the Borrower to participate in Part 2.2 of the Project pursuant to the eligibility criteria set forth in the Leasing Guidelines and “Participating Leasing Company” means any one of them individually. ”*

11. References to “Part 2” in Section I.B of Schedule 2, Section III of Schedule 2 and paragraphs 13 and 21 to 24 of the Appendix shall be amended to refer to “Part 2.1”.
12. References to “horticulture” in the Loan Agreement shall be amended to refer to “agriculture” through-out the Loan Agreement.



13. References to “UZAIFFSA” in the Loan Agreement shall be amended to refer to “ISCAD” through-out the Loan Agreement.
14. References to “Beneficiary” or “each Beneficiary” shall be construed and interpreted to refer to Beneficiary in respect of Part 2.1 or Beneficiary in respect of Part 2.2 as the context requires.

Except as specifically amended in this amendment letter, all other terms and conditions of the Loan Agreement shall remain in full force and effect.

This amendment letter shall become effective on the date upon which the Borrower dispatches to the Bank a notice that the execution and delivery of this amendment letter on behalf of the Borrower has been duly authorized or ratified by all necessary governmental actions.

Very truly yours,

**INTERNATIONAL BANK FOR RECONSTRUCTION  
AND DEVELOPMENT**

*Marco Mantovanelli*

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Marco Mantovanelli  
Country Manager  
World Bank Office, Uzbekistan

**AGREED:  
REPUBLIC OF UZBEKISTAN**

By: *Djamshid kuchkarov*

Name: Djamshid kuchkarov

Title: MINISTER OF ECONOMY AND FINANCE

Date: 11-Nov-2023