Financing Agreement

(Second Rural Enterprise Support Project)

between

REPUBLIC OF UZBEKISTAN

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated October 8, 2008
FINANCING AGREEMENT

AGREEMENT dated October 8, 2008, entered into between REPUBLIC OF UZBEKISTAN (“Recipient”) and INTERNATIONAL DEVELOPMENT ASSOCIATION (“Association”). The Recipient and the Association 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 - FINANCING

2.01. The Association agrees to extend to the Recipient, on the terms and conditions set forth or referred to in this Agreement, a credit in an amount equivalent to forty one million three hundred thousand Special Drawing Rights (SDR 41,300,000) (variously, “Credit” and “Financing”) to assist in financing the project described in Schedule 1 to this Agreement (“Project”).

2.02. The Recipient may withdraw the proceeds of the Financing in accordance with Section IV of Schedule 2 to this Agreement.

2.03. The Maximum Commitment Charge Rate payable by the Recipient on the Unwithdrawn Financing Balance shall be one-half of one percent (1/2 of 1%) per annum.

2.04 The Service Charge payable by the Recipient on the Withdrawn Credit Balance shall be equal to three-fourths of one percent (3/4 of 1%) per annum.

2.05. The Payment Dates are March 15 and September 15 in each year.

2.06. The principal amount of the Credit shall be repaid in accordance with the repayment schedule set forth in Schedule 3 to this Agreement.

2.07. The Payment Currency is Dollar.
ARTICLE III - PROJECT

3.01. The Recipient declares its commitment to the objectives of the Project. To this end, the Recipient shall carry out the Project through RRA and shall cause PFIs to carry out Part A.1 of the Project in accordance with the provisions of Article IV of the General Conditions.

3.02. Without limitation upon the provisions of Section 3.01 of this Agreement, and except as the Recipient and the Association shall otherwise agree, the Recipient shall ensure that the Project is carried out in accordance with the provisions of Schedule 2 to this Agreement.

ARTICLE IV - REMEDIES OF THE ASSOCIATION

4.01. The Additional Event of Suspension consists of the following, namely, that the Rural Enterprise Investment Guidelines shall have been amended, suspended, repealed or waived without the Association’s prior approval.

4.02. The Additional Event of Acceleration consists of the following, namely, the event specified in Section 4.01 of this Agreement occurs.

ARTICLE V - EFFECTIVENESS; TERMINATION

5.01. The Additional Effectiveness conditions consist of the following:

(a) the Recipient has enacted a governmental resolution to enable farmers in the Project Area to market produce in excess of prevailing production volumes contracted to the state; and

(b) the PIP, satisfactory to the Association, has been approved by the Recipient.

5.02 The Effectiveness Deadline is the date ninety (90) days after the date of this Agreement.

5.03. For purposes of Section 8.05 (b) of the General Conditions, the date on which the obligations of the Recipient under this Agreement (other than those providing for payment obligations) shall terminate is twenty (20) years after the date of this Agreement.

ARTICLE VI - REPRESENTATIVE; ADDRESSES

6.01. The Recipient’s Representative is the Minister of Finance of the Recipient.
6.02. The Recipient’s Address is:

Ministry of Finance
Mustakillik Square 5
Tashkent 100008
Republic of Uzbekistan

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

6.03. The Association’s Address is:

International Development Association
1818 H Street, N.W.
Washington, D.C. 20433
United States of America

Cable:  INDEVAS
Telex:  248423 (MCI)
Facsimile:  1-202-477-6391
Washington, D.C.
AGREED at Tashkent, Republic of Uzbekistan, as of the day and year first above written.

REPUBLIC OF UZBEKISTAN

By: /s/ Rustam Azimov

Authorized Representative

INTERNATIONAL DEVELOPMENT ASSOCIATION

By: /s/ Loup J. Brefort

Authorized Representative
SCHEDULE 1

Project Description

The objectives of the Project are to increase the productivity and financial and environmental sustainability of agriculture and the profitability of agribusiness in the Project Area.

The Project consists of the following parts:

Part A: Rural Enterprise Finance

1. Provision through selected PFIs of Investment and Working Capital Sub-loans and Lease Financings and Micro Sub-loans to Beneficiaries.

2. Provision of technical assistance for PFIs, MFIs, Leasing Companies and Beneficiaries, including capacity building for PFIs, MFIs and Leasing Companies and preparation of business plans for the Beneficiaries.

Part B: Irrigation and Drainage

1. Provision of goods, works and services for rehabilitation of on-farm and inter-farm irrigation and drainage systems.

2. Provision of goods, services and training for strengthening the capacity of WUAs and the Basin Administration of Irrigation Systems.

3. Support for improved irrigation and drainage technologies by provision of goods, services and training for demonstration purposes.

Part C: Rural Training and Advisory Services

1. Provision of training and workshops to farmers on various topics related to the farm management, including but not limited to the management of natural resources management, land fertility, integrated pest management, pesticide handling water management and water saving technologies.

2. Support to RRA to design training and workshops, including developing methodology, curricula, tests, feedback forms and assessment of training and workshops.

3. Provision of finance for mass media campaigns to farmers on availability of rural enterprise services and approaches, and training and workshops.
Part D: Project Management

Provision of goods, technical assistance and training to the RRA for the implementation of the Project, including financial management, procurement and disbursement.
SCHEDULE 2

Project Execution

Section I. Implementation Arrangements

A. Institutional Arrangements

1. The Recipient shall carry out the Project in accordance with the requirements and procedures set forth or referred to in the PIP and shall not amend, suspend, repeal or waive its provision without the Association’s prior approval.

2. The Recipient shall maintain the RRA until completion of the Project, with staff, resources and terms of reference satisfactory to the Association and assign to it responsibility for overall Project management and coordination including:

   (a) preparation and submission to the Association, 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 Financing;

   (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 Recipient and the Association, starting in June 30, 2009, of semi-annual reports on the progress of Project implementation.

3. The Recipient shall implement Part A.1 of the Project in accordance with Rural Enterprise Investment Guidelines which shall cover such matters as the eligibility criteria and selection procedures for PFI or MFI or Lease Companies, the amount, terms and conditions of Subsidiary Loans, its implementation arrangements, the amount, terms and conditions of a Sub-financing, the eligibility criteria and selection procedures for Beneficiaries, including 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.
4. For the purposes of Part A.1 (b) of the Project, before implementation of Micro Sub-loans by MFIs, the Recipient shall submit to the Association for its prior review and approval, the principles and procedures, terms and conditions of Micro Sub-loans and their implementation arrangements to be included into the Rural Enterprise Investment Guidelines.

5. The Recipient, through RRA, shall by February 1, 2009, hire and register the contract for a consulting firm for Part B of the Project under terms of reference satisfactory to the Association and assign to it the following tasks: (a) prepare implementation plans referred to in paragraph 9 (a) (i) below, designs of works, specifications for goods, and cost recovery arrangements; and (b) provide services for the supervision of construction of works and delivery and transfer of goods.

6. The Recipient, through RRA, shall by February 1, 2009, hire and register the contract for a consulting firm for Part B of the Project under terms of reference satisfactory to the Association and assign to it the following tasks: (a) prepare implementation plans referred to in paragraph 9 (a) (ii) and (iii) below, designs of works, specifications for goods, and cost recovery arrangements; (b) provide services for strengthening of WUAs; (c) provide services for the implementation of support to improved irrigation and drainage technologies.

7. The Recipient, through RRA, shall ensure that the BAIS maintains existing staff until completion of the Project to support WUAs, and assigns the BAIS the responsibility for taking over the support to WUAs pursuant to the time schedule and provisions of the PIP.

8. The Recipient, through RRA, shall by March 1, 2009, hire and register a consulting services for Part C of the Project under terms of reference satisfactory to the Association which shall be responsible for developing of a detailed training plan containing topics and schedules of delivery of training, procurement arrangements, and farmers cost recovery arrangements.

9. The Recipient, through RRA, shall: (a) prior to the implementation of investments under Part B of the Project, submit to the Association for its review and approval the following: (i) an irrigation and drainage implementation plan with the proposals for each investment under Part B.1 of the Project; (ii) a WUA strengthening implementation plan with the proposals for each investment under Part B.2 of the Project; and (iii) an irrigation technology implementation plan with the proposals for each investment under Part B.3 of the Project. The said implementation plans shall contain information described in the PIP; and (b) implement investments under Part B of the Project in accordance with provisions, principles, eligibility criteria, selection procedures and contract management procedures set forth in the PIP.

10. The Recipient, through RRA, shall ensure that the representatives of the Association, if the Association shall so request, have access to inspect the sites, works,
plants, goods and construction included in the investments under Part B of the Project, the operation thereof, and any relevant records and documents.

B. Anti-Corruption

The Recipient 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 A.1 of the Project, the Recipient shall make a part of the proceeds of the Financing available under subsidiary agreements between the Recipient, RRA and each PFI under terms and conditions approved by the Association, including those set forth in Section C.4 below (“Subsidiary Loan Agreement”).

2. The Recipient shall exercise its rights under the Subsidiary Loan Agreements in such manner as to protect the interests of the Recipient and the Association and to accomplish the purposes of the Financing. Except as the Association shall otherwise agree, the Recipient shall not assign, amend, abrogate or waive the Subsidiary Loan Agreements or any of its provisions.

3. The Recipient shall, in close cooperation with the Association, select PFIs for Part A.1 of the Project in accordance with the eligibility criteria set forth in the Rural Enterprise Investment Guidelines.

4. The Recipient 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 concerned PFI in Dollars or in Soum to the Recipient in semi-annual installments over twenty (20) years, including a grace period of five (5) years; and

   (c) interest shall be charged on the outstanding balances of the Subsidiary Loans at a rate acceptable to the Association and to be determined as follows: (i) the interest rate for Subsidiary Loans denominated in Dollars shall be variable interest rate based on the reference rate which shall equal to the 6-month LIBOR rate for Dollars; and (ii) the interest rate for Subsidiary Loans denominated in Soum shall equal to the refinancing rate of the Central Bank of the Republic of Uzbekistan minus 3% per annum or other such rate determined by a methodology acceptable to the Association.
(d) each PFI shall carry out activities under Part A.1 of the Project in accordance with the Anti-corruption Guidelines.

5. The Recipient shall ensure that each Subsidiary Loan Agreement with PFIs for provision of Micro Sub-loans shall comply with, but not be limited to, the following: (a) the amount of Microfinance Subsidiary Loan to each MFI shall be made available in Soum and pursuant to Section C.4 (b) and (c) (ii) above; (b) each Microfinance Subsidiary Loan Agreement shall include the principles and procedures, terms and conditions of Micro sub-loans and their implementation arrangements set forth in the Rural Enterprise Investment Guidelines; and (c) each MFI shall carry out activities under Part A.1 of the Project in accordance with the Anti-corruption Guidelines.

6. The Recipient shall ensure that each Subsidiary Loan Agreement with PFIs for provision of Lease Financings shall comply with, but not be limited to, the following: (a) the Lease Financing Subsidiary Loan to each Lease Company shall be made available pursuant to Section C.4 (a), (b) and (c) above; (b) the Lease Financing Subsidiary Loan Agreement shall include the principles and procedures, terms and conditions of Lease Financings and their implementation arrangements set forth in the Rural Enterprise Investment Guidelines; and (c) each Lease Company shall carry out activities under Part A.1 of the Project in accordance with the Anti-corruption Guidelines.

D. Sub-financing

1. The Recipient shall ensure that PFIs or MFIs or Lease Companies make Sub-financing to Beneficiaries in accordance with terms and conditions, eligibility criteria and procedures set forth in the Rural Enterprise Investment Guidelines.

2. The Recipient shall ensure that PFIs or MFIs or Lease Companies make each Sub-financing under a Sub-financing Agreement with each Beneficiary on terms and conditions set forth in the Rural Enterprise 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) the Micro Sub-loan shall be made to each Beneficiary in Soum;

   (c) interest shall be charged by a PFI or MFI or a Lease Company, as the case may be, 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 or Microfinance Subsidiary Loan Agreement or Lease Financing Subsidiary Loan Agreement of said PFI as determined in accordance with Section C.4 (c) above plus a market-based spread determined by the PFI or MFI or Lease Company making such Sub-financing;
(d) each Sub-financing shall be made by the PFI or MFI or Lease Company, as the case may be, 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 or MFI’s or Lease Company’s, as the case may be, investment and lending policies and practices, and the provisions of the Rural Enterprise Investment Guidelines;

(e) the first three (3) Sub-project proposals for Investment and Working Capital Sub-loan or Lease Financings irrespective of the amount and any Investment and Working Capital Sub-loan or a Lease Financing proposal shall be submitted by the PFI or Lease Company to the Association for its prior review and approval in accordance with the Rural Enterprise Investment Guidelines; and

(f) each Sub-financing shall be made by the PFI or MFI or Lease Company to the Beneficiary on terms and conditions, including rights adequate to protect the interests of the Association and the Recipient, 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; and

(ii) require each Beneficiary to:

(A) carry out its Sub-project: (AA) with due diligence and efficiency and in accordance with sound technical, economic, financial, managerial, environmental, health and social standards and practices, satisfactory to the Association; (BB) pursuant to the national legislation on child labor; and (CC) in accordance with the provisions of the Anti-Corruption Guidelines applicable to recipients of loan proceeds other than the Recipient;

(B) procure the goods, works and services to be financed out of the Sub-financing in accordance with the provisions of Section III of Schedule 2 to this Agreement;

(C) enable the Recipient and the Association to inspect the Sub-project, its operation and any relevant records and documents; and

(D) prepare and furnish to the Recipient and the Association all such information as the Recipient shall reasonably request relating to the foregoing.
E. Safeguards

1. The Recipient, through RRA, shall implement the Project pursuant to the Environmental Management Framework in a manner satisfactory to the Association and shall provide the Association with a summary status of the implementation, including results from environmental monitoring, as part of Project Reports or when specifically requested by the Association.

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

Section II. Project Monitoring, Reporting and Evaluation

A. Project Reports

1. The Recipient shall monitor and evaluate the progress of the Project and prepare Project Reports in accordance with the provisions of Section 4.08 of the General Conditions and on the basis of the indicators agreed with the Association. Each Project Report shall cover the period of one calendar semester, and shall be furnished to the Association not later than forty-five (45) days after the end of the period covered by such report.

2. For purposes of Section 4.08 (c) of the General Conditions, the report on the execution of the Project and related plan required pursuant to that Section shall be furnished to the Association not later than six (6) months after the Closing Date.

B. Financial Management, Financial Reports and Audits

1. The Recipient shall maintain or cause to be maintained a financial management system in accordance with the provisions of Section 4.09 of the General Conditions.

2. Without limitation on the provisions of Part A of this Section, the Recipient shall prepare and furnish to the Association as part of the Project Report, 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 Association.

3. The Recipient shall have its Financial Statements audited in accordance with the provisions of Section 4.09 (b) of the General Conditions. Each audit of the Financial Statements shall cover the period of one fiscal year of the Recipient. The audited Financial Statements for each such period shall be furnished to the Association not later than six (6) months after the end of such period.

4. The Recipient, through RRA, shall:
(a) have the internal control framework, the operational processes and procedures followed under the Project, audited for the second and fourth year (or any other period agreed to by the Association), in accordance with terms of reference and by independent auditors both acceptable to the Association;

(b) furnish to the Association as soon as available, but in any case not later than six (6) months after the end of each such year (or such other period agreed to by the Association): (i) certified copies of the assessment of the internal control framework, the operational processes and procedures referred to in paragraph (a) of this Section for such year (or other period agreed to by the Association), as so audited; and (ii) an opinion on such processes and procedures by said auditors, in scope and detail satisfactory to the Association, as to whether they provide the Recipient adequate accounting, internal control and financial reporting as intended for the Project; and

(c) furnish to the Association such other information concerning such internal control framework, operational processes and procedures, and the audit of such internal control framework, operational processes and procedures, and concerning said auditors, as the Association may from time to time reasonably request.

Section III. Procurement

A. General

1. Goods and Works. All goods and works required for the Project and to be financed out of the proceeds of the Financing 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 Financing 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 Association of particular contracts, refer to the corresponding method described in the Procurement Guidelines, or Consultant Guidelines, as the case may be.

B. Particular Methods of Procurement of Goods and Works

1. International Competitive Bidding. Except as otherwise provided in paragraph 2 below, goods and works shall be procured under contracts awarded on the basis of International Competitive Bidding.
2. **Other Methods of Procurement of Goods and Works.** The following table specifies the methods of procurement, other than International Competitive Bidding, which may be used for goods and works. The Procurement Plan shall specify the circumstances under which such methods may be used:

<table>
<thead>
<tr>
<th>Procurement Method</th>
</tr>
</thead>
<tbody>
<tr>
<td>(a) National Competitive Bidding, subject to the additional provisions set forth in the Annex to this Schedule 2</td>
</tr>
<tr>
<td>(b) Shopping</td>
</tr>
<tr>
<td>(c) Direct Contracting</td>
</tr>
<tr>
<td>(d) Commercial Practices for Sub-projects under Part A.1 of the Project</td>
</tr>
</tbody>
</table>

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 table specifies methods of procurement, other than Quality and Cost-based Selection, which may be used for consultants’ services. The Procurement Plan shall specify the circumstances under which such methods may be used:

<table>
<thead>
<tr>
<th>Procurement Method</th>
</tr>
</thead>
<tbody>
<tr>
<td>(a) Fixed Budget Selection</td>
</tr>
<tr>
<td>(b) Consultants Qualification</td>
</tr>
<tr>
<td>(c) Least Cost Selection</td>
</tr>
<tr>
<td>(d) Individual Consultants</td>
</tr>
<tr>
<td>(e) Single-Source Selection</td>
</tr>
</tbody>
</table>

D. **Review by the Association of Procurement Decisions**

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

**Section IV. Withdrawal of the Proceeds of the Financing**

A. **General**

1. The Recipient may withdraw the proceeds of the Financing in accordance with the provisions of Article II of the General Conditions, this Section, and such additional instructions as the Association shall specify by notice to the Recipient (including the “World Bank Disbursement Guidelines for Projects” dated May 2006, as revised from time to time by the Association 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 Financing (“Category”), the allocations of the amounts of the Credit to each Category, and the percentage of expenditures to be financed for Eligible Expenditures in each Category:

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount of the Credit Allocated (Expressed in SDR)</th>
<th>Percentage of Expenditures to be Financed (Inclusive of Taxes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Works</td>
<td>10,294,000</td>
<td>72%</td>
</tr>
<tr>
<td>(2) Goods</td>
<td>2,490,000</td>
<td>100%</td>
</tr>
<tr>
<td>(3) Consultants’ Services, including Training and Audit</td>
<td>3,931,000</td>
<td>100%</td>
</tr>
<tr>
<td>(4)(a) Investment and Working Capital Sub-loans and Lease Financings under Part A.1 of the Project; and</td>
<td>18,924,000</td>
<td>100%</td>
</tr>
<tr>
<td>(b) Micro-sub-loans under Part A.1 of the Project</td>
<td>3,040,000</td>
<td>100%</td>
</tr>
<tr>
<td>(5) Incremental Operating Costs</td>
<td>1,272,000</td>
<td>100%</td>
</tr>
<tr>
<td>(6) Unallocated</td>
<td>1,349,000</td>
<td></td>
</tr>
<tr>
<td><strong>TOTAL AMOUNT</strong></td>
<td><strong>41,300,000</strong></td>
<td></td>
</tr>
</tbody>
</table>

For the purposes of this paragraph:

(a) the term “incremental operating costs” means the incremental expenses incurred by RRA on account of Project implementation, management, monitoring and supervision, including office supplies, office equipment maintenance, communication, local travel, vehicles operation and maintenance, commercial bank charges, salaries of the support staff of RRA, but excluding salaries of civil servants of the Recipient, as such
expenditures are set forth in the RRA annual budget, satisfactory to the Association and such other expenditures as may be agreed upon by the Association; and

(b) the term “training” means: (i) fees of consultants, including educational or other institutions and organizations, that provide training services; and (ii) cost of study tours, cost of workshops and training materials, and related travel expenditures, and boarding, lodging and per diem allowances.

B. Withdrawal Conditions; Withdrawal Period

1. Notwithstanding the provisions of Part A.1 of this Section, no withdrawal shall be made:

   (a) for payments made prior to the date of this Agreement;

   (b) under Category 4 (a), unless the Recipient has prepared and approved the Rural Enterprise Investment Guidelines in a manner satisfactory to the Association; and

   (c) under Category 4 (b), unless the Recipient has prepared and approved terms and procedures for provision of a Micro Sub-loan as a part of the Rural Enterprise Investment Guidelines pursuant to Section I.A.4 of this Schedule.

2. The Closing Date is March 31, 2015.
Annex to Section III. B. 2 (A) of SCHEDULE 2

The National Competitive bidding procedures of the Recipient 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 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 Association.

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 Association-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 Association’s prior concurrence.

   (b) When the number of bids received is less than three (3), re-bidding shall not be carried out without the Association’s prior concurrence.
SCHEDULE 3

Repayment Schedule

<table>
<thead>
<tr>
<th>Date Payment Due</th>
<th>Principal Amount of the Credit repayable (Expressed as a Percentage)*</th>
</tr>
</thead>
<tbody>
<tr>
<td>On each March 15 and September 15</td>
<td></td>
</tr>
<tr>
<td>commencing September 15, 2018 to and including March 15, 2028</td>
<td>1.25%</td>
</tr>
<tr>
<td>commencing September 15, 2028 to and including March 15, 2043</td>
<td>2.50%</td>
</tr>
</tbody>
</table>

* The percentages represent the percentage of the principal amount of the Credit to be repaid, except as the Association may otherwise specify pursuant to Section 3.03 (b) of the General Conditions.
APPENDIX

Definitions


3. “Beneficiary” means any individual, private enterprise, 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 or Micro Sub-loan 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 Recipient, to which a PFI or an MFI, proposes to make or has made an Investment and Working Capital Sub-loan or a Lease Financing or a Micro Sub-loan, and “Beneficiaries” means any group of said Beneficiary.

4. “Category” means a category set forth in the table in Section IV of Schedule 2 to this Agreement.


6. “Environmental Management Framework” means the plan, satisfactory to the Association, approved by the Recipient on April 8, 2008, describing the environmental mitigation, monitoring and institutional measures under the Project and referred to in Section I.E of Schedule 2 to this Agreement.

7. “General Conditions” means the “International Development Association General Conditions for Credits and Grants”, dated July 1, 2005 (as amended through October 15, 2006).

8. “Investment and Working Capital Sub-loan” means a loan made or proposed to be made by a PFI out of the proceeds of the Financing for purposes of financing all or a portion of the expenditures incurred by a Beneficiary under a Sub-Project provided, however, that a transaction which is a Lease Financing may be considered an Investment and Working Capital Sub-loan for the purposes of this Agreement.

9. “Lease Company” means a lease company of the Recipient selected to participate in Part A.1 of the Project pursuant to the eligibility criteria set forth in the Rural Enterprise Investment Guidelines for the purposes of Part A.1 of the Project.

10. “Lease Financing” means financing provided or to be provided by a PFI or a Lease Company 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 or Lease Company of a lease payment consisting in part of an amortization component as set forth in the Rural Enterprise Investment Guidelines.

11. “Lease Financing Subsidiary Loan” means a loan made or proposed to be made by a PFI to an eligible Lease Company out of the proceeds of the Financing for purposes of financing all or a portion of the expenditures incurred by a Beneficiary under a Sub-Project.

12. “Lease Financing Subsidiary Loan Agreement” means the agreement to be entered into between the PFI and Lease Company pursuant to the Rural Enterprise Investment Guidelines, as the same may be amended from time to time, and such term includes all schedules supplemental to the Lease Financing Subsidiary Loan Agreement.

13. “MFI” means a microfinance institution of the Recipient selected by the Recipient pursuant to the eligibility criteria set forth in the Rural Enterprise Investment Guidelines for the purposes of Part A.1 of the Project.

14. “Microfinance Subsidiary Loan” means a loan made or proposed to be made by a PFI to an eligible MFI out of the proceeds of the Financing for purposes of financing all or a portion of the expenditures incurred by a Beneficiary under a Sub-Project.

15. “Microfinance Subsidiary Loan Agreement” means the agreement to be entered into between the PFI and MFI pursuant to the Rural Enterprise Investment Guidelines, as the same may be amended from time to time, and such term includes all schedules supplemental to the Microfinance Subsidiary Loan Agreement.

16. “Micro-sub-loan” means a loan made or proposed to be made by a PFI or an MFI out of the proceeds of the Financing for purposes of financing all or a portion of the expenditures incurred by a Beneficiary under a Sub-Project.

17. “PFI” means a commercial bank of the Recipient selected to participate in Part A.1 of the Project pursuant to the eligibility criteria set forth in the Rural Enterprise Investment Guidelines for the purposes of Part A.1 of the Project.

18. “PIP” means the Project Implementation Plan for the carrying out of the Project, to be prepared and adopted by the Recipient pursuant to Section 5.01 (b), as the same may be amended from time to time with the agreement of the Association.


20. “Procurement Plan” means the Recipient’s procurement plan for the Project, dated May 2, 2008, and referred to in paragraph 1.16 of the Procurement Guidelines and paragraph 1.24 of the Consultant Guidelines, as the same shall be updated from time to time in accordance with the provisions of said paragraphs.
21. “Project Area” means the Ulugnor, Alat, Mirishkor, Pastdargom, Bayavut, Buka and Yazyavan districts of the Recipient for the purposes of Part B of the Project and the Andijan, Bukhara, Kashkadarya, Samarkand, Syrdarya, Tashkent and Fergana oblasts of the Recipient for the purposes of Part A and C of the Project.

22. “RRA” means the Rural Restructuring Agency, an independent administrative body operating under the Recipient’s Ministry of Agriculture and Water Resources, or any successor thereto.

23. “Rural Enterprise Investment Guidelines” means the guidelines referred to in Section I.A.6 of Schedule 2 to this Agreement.

24. “Soum” means the lawful currency of the Recipient.

25. “Sub-financing” means an Investment and Working Capital Sub-loan or Lease Financing or Micro Sub-loan collectively.

26. “Sub-financing Agreement” means an Investment and Working Capital Sub-loan agreement or a Micro Sub-loan agreement to be entered into between the PFI or MFI or Lease Company and the Beneficiary, as the case may be, for provision of an Investment and Working Capital Sub-loan or Lease Financing or a Micro Sub-loan pursuant to the Rural Enterprise Investment Guidelines.

27. “Sub-project” means a specific investment project for a productive agribusiness activity that meets criteria set forth in the Rural Enterprise Investment Guidelines.

28. “Subsidiary Loan” means any loan made by the Recipient to a PFI for the purposes of on lending to an MFI or a Lease Company or a Beneficiary pursuant to a Subsidiary Loan Agreement.

29. “Subsidiary Loan Agreement” means the agreement referred to in Section I.C.1 of Schedule 2 to this Agreement pursuant to which the Recipient 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.

30. “WUAs” means the Water Users Associations of the Recipient.