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#02240/21

June 25, 2021

Mr. Timur Ishmetov  
Minister  
Ministry of Finance  
Tashkent  
REPUBLIC OF UZBEKISTAN

Dear Mr. Ishmetov:

*Re: Republic of Uzbekistan: Horticulture Development Project (Loan 8393-UZ)  
Amendment to the Loan Agreement and  
Supplemental Letter No.2 regarding the Performance Monitoring Indicators*

We refer to: (i) the Loan Agreement between the Republic of Uzbekistan (the “Borrower”) and International Bank for Reconstruction and Development (the “Bank”) for the above-mentioned Project (“Loan Agreement”), as amended; (ii) the Supplemental Letter No. 2 regarding the performance monitoring indicators (the Supplemental Letter No.2) from the Borrower, both dated April 8, 2015 (collectively called “Legal Documents”); and (iii) the Loan Agreement between the Borrower and the Bank for the Additional Financing for the above-mentioned Project (“Additional Financing Loan Agreement”) dated May 17, 2018. The capitalized terms used in this amendment letter and not defined herein have the meanings ascribed to them in the Loan Agreement.

We hereby propose to amend the Legal Documents as follows:

**A. The Loan Agreement is amended as follows:**

1. In Section 4.01 of Article IV, additional events of suspension are added and Section 4.01 is restated in its entirety as follows:

“4.01. The Additional Event of Suspension consists of the following:

- (a) the Project Implementation Plan and the Credit Line Investment Guidelines have been amended, suspended, repealed or waived without the Bank’s prior approval;
- (b) the Bank has received evidence, that it considers credible, of the use of child or forced labor in connection with the Project activities; and
- (c) the RRA’s Legislation has been amended, suspended, abrogated, repealed or waived so as to affect materially and adversely the ability of the RRA to perform any of its obligations under this Agreement.”

2. Part 1.1 (b) in Schedule 1 is amended to read as follows (modifications are shown in *italics*):

- “(b) *Strengthening the capacity of the Uzbek Agency for Standardization, Metrology and Certification* for 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; (iii) the provision of support for gathering and dissemination of information about *national and international* standards for food safety and quality in destination markets; and (iv) *the improvement of the laboratory facilities.*

3. Part 2. (b) in Schedule 1 is amended to read as follows (modifications are shown in *italics*):

“(b) Provision of technical assistance and Training to: (i) PFIs to increase their capacity in managing a range of innovatively structured finance products that support, *inter alia*, the development of value chain *financing products and tree-crop financing methodologies*; and (ii) *MCIIs to increase their capacity to appraise agricultural loan mechanisms, as well as to strengthen their basic management knowledge.*”

4. Section E.1 in Schedule 2 is amended to read as follows (modifications are shown in *italics*):

“**E. Safeguards**

**Environmental Management Framework**

1. The Borrower, through RRA, shall implement the Project pursuant to the ESMF in a manner satisfactory to the Bank and shall provide the Bank with a summary status of its implementation, including results from environmental monitoring, as part of Project Reports or when specifically requested by the Bank, *and, to that end, if any activity under the Project would require the adoption of any site-specific ESMP, shall:*

- (a) *(i) prepare such ESMP in accordance with the ESMF; (ii) furnish such ESMP to the Bank for review and approval; and (iii) thereafter adopt such ESMP prior to implementation of the activity; and*
- (b) *thereafter take such measures as shall be necessary or appropriate to ensure full compliance with the requirements of such ESMP.*”

5. The two definitions of “Operating Costs” and “Training” respectively under Section IV.A.2 are deleted.

6. The Bank has established **June 30, 2023** as the later date for purposes of Section IV.B.2 of Schedule 2 to the Loan Agreement.

7. The Appendix to the Agreement – Definitions - is restated in its entirety as follows:

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 agriculture enterprise, dehkan farm, farmer or farmers’ association, agro-firm, 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. "Environmental and Social Impact Assessment" or "ESIA" means the Borrower's environmental and social impact assessment acceptable to the Bank, prepared or to be prepared during the Project implementation in accordance with the ESMF identifying and assessing the potential environmental and social impacts of a proposed Sub-project, evaluating alternatives, and designing appropriate mitigation, management, and monitoring measures; the "Environmental and Social Impact Assessments" or "ESIAs" means the plural thereof.
7. "ESMP" means the Borrower's site-specific environmental and social management plan, acceptable to the Bank prepared or to be prepared during the Project implementation in accordance with the ESMF and approved by the Bank, describing environmental mitigation, monitoring and institutional measures for any Sub-project under the Project; the "ESMPs" means the plural thereof.
8. "Environmental and Social Management Framework" or "ESMF" means the Borrower's Environmental Management Framework, updated and disclosed by the Borrower on November 26, 2017 and disclosed by the Bank's website on November 30, 2017, satisfactory to the Bank, describing the environmental mitigation, monitoring and institutional measures under the Project and referred to in Section I.D 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, assigning a project environmental category, and defining a need for environmental assessment as part of procedure for preparing ESMP(s); (b) Environmental Guidelines including *inter alia*: (i) rules and procedures for Environmental and Social Impact Assessments (ESIAs); (ii) environmental impacts of the Project; (iii) generic mitigation measures to be undertaken; (iv) monitoring plan format including, *inter alia*, monitoring indicators, timing, methods; (v) institutional responsibilities in all phases of the Project's implementation; (vi) disclosure and consultation requirements; and (c) provisions for preparation of simple pest/pesticide management plans that outlines the procedures for ensuring the safe handling, storage and use of pesticides and promotion of integrated pest management as an alternative option for the use of pesticides.
9. "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.
10. "General Conditions" means the "International Bank for Reconstruction and Development General Conditions for Loans", dated March 12, 2012.
11. "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.

12. "Institute for Fruit Growing, Viticulture and Winemaking" or "MIRZAVEV" means the institute for growing, viticulture and winemaking, an academic institution established pursuant to the Resolution of President of the Republic of Uzbekistan No.2125 dated February 10, 2014, or any successor thereto.
13. "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.
14. "MCI" means micro-credit institution, and "MCIs" means the plural thereof.
15. "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.
16. "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.
17. "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.
18. "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.
19. "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.
20. "Project Area" means the following Borrower's regions: Andijon; Bukhara; Jizzak; Ferghana; Kashkadarya; Karakalpakstan; Khorezm; Namangan; Navoiy; Samarkand; Sirdarya; Surhandarya; and Tashkent, and such other regions as may be agreed from time to time between the Borrower and the Bank.
21. "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.
22. "Research Institute for Vegetables, Melons and Potatoes" or "RIVMP" means the institute for vegetables, melons and potatoes, an academic institution established pursuant to the Resolution of President of the Republic of Uzbekistan No.2125 dated February 10, 2014, or any successor thereto.



23. "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.
24. "RRA Legislation" means the Decree of the Cabinet of Ministers of the Republic of Uzbekistan No. 356 dated August 19, 1998.
25. "Scientific Research Institute for Plant Protection" or "UzNIIZR" means the institute for plant protection, an academic institution established pursuant to President of the Republic of Uzbekistan No.2640 dated October 24, 2016, or any successor thereto.
26. "Soum" means the lawful currency of the Borrower.
27. "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.
28. "Sub-financing" means an Investment and Working Capital Sub-loan or Lease Financing, collectively.
29. "Sub-project" means any specific investment project or value-chain project for a productive agribusiness activity that meets criteria set forth in the Credit Line Investment Guidelines.
30. "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.
31. "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.
32. "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.
33. "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.
34. "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.



35. "Uzbek Agency for Standardization, Metrology and Certification" means the agency for standardization, metrology and certification established pursuant to the Resolution of the Cabinet of Ministers of the Republic of Uzbekistan No.342 dated October 3, 2002, or any successor thereto
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.

**B.** The Attachment to the **Supplemental Letter No. 2** is amended and restated to read as set forth in the attachment to this amendment letter.

Except as amended herein, all other provisions of the Loan Agreement remain in full force and effect.

Please confirm the agreement of the Borrower to the amendment set out above by countersigning and dating both copies of this Amendment Letter and returning one countersigned copy to us. Upon receipt by the Bank of the copy of this Amendment Letter duly countersigned by the authorized representative of the Borrower, said amendment shall become retroactively effective as of May 17, 2018.

Sincerely,

**INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT**

  
Marco Mantovanelli  
Country Manager

**CONFIRMED:**

**REPUBLIC OF UZBEKISTAN**

Name: Timur ISHMETOV  
Title: Minister of Finance  
Date: June 30, 2021

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Results Framework  
COUNTRY : Uzbekistan  
Additional Financing - Horticulture Development Project ( P164226 )

Project Development Objective Indicators

Action	Indicator Name	Core Measure	Unit of Measure	Baseline	End Target	Frequency	Data Source / Methodology	Responsibility for Data Collection
Revised	Name: Increase in productivity index value		Percentage	0.00	20.00	Annual	Annual survey reports	RRA, PFIs

Description: The wording of the indicator has been refined but targets remain the same (percentage change in productivity). Index to be measured by an index constructed by an aggregation of crop yields weighted by area planted.

Revised	Name: Increase in overall gross sales of productive units		Percentage	0.00	20.00	RRA, PFIs	Annual survey reports	annual
New	Increase in overall gross sales of productive units - farmers		Percentage	0.00	20.00	Annual	Project surveys	RRA
New	Increase in overall gross sales of productive units - agribusinesses		Percentage	0.00	20.00	Annual	Project surveys	RRA

Description: Indicators combined to have just one measure of overall sales. Productive units are defined to include farmers, producers and agribusiness.

No Change	Name: Change in aggregate portfolio lending by participating financial institutions to horticulture sector	Percentage	0.00	20.00	Annual	Progress reports of PFIs	RRA, PFIs
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Description: Change in percent of portfolio devoted to horticulture  
RESULT\_YES\_IO

Intermediate Results Indicators

Action	Indicator Name	Core	Unit of Measure	Baseline	End Target	Frequency	Data Source / Methodology	Responsibility for Data Collection
No Change	Name: Client days of training provided (number)		Number	0.00	9,600.00			
No Change	Client days of training provided - Female (number)		Number	0.00	1,920.00			

Description: This indicator measures the number of client days of training provided i.e. the number of clients who completed training multiplied by the duration of training expressed in days.

Revised	Name: Farmers and traders trained in real-time information on markets and pricing on horticulture products		Number	0.00	4,000.00			
Revised	Farmers and traders trained in real-time information on markets and pricing on horticulture products -		Number	0.00	800.00			



female

New	Farmers and traders trained in real-time information on markets and pricing on horticulture products - of which through the producer association	Number	0.00	400.00
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Description:

Revised	Name: Improved horticulture varieties introduced under the project	Number	0.00	12.00
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New	Improved horticulture varieties introduced under the project - area planted	Hectare(Ha)	0.00	2,000.00
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Description:

Revised	Name: Horticulture crops for which pest and diseases mapping completed at the regional level	Number	0.00	20.00
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Description:

Revised	Name: Technologies demonstrated in the project areas (number)	Number	0.00	20.00
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Description: This indicator measures the number of unique technologies demonstrated by the project.

Revised	Name: Beneficiaries satisfied with agricultural services (percentage)	Percentage	0.00	70.00					
Revised	Beneficiaries satisfied with agricultural services - female	Percentage	0.00	70.00					

Description: This indicator measures the percentage of clients who expressed satisfaction with the services provided in the project areas based on formal or informal survey.

Revised	Name: Number of market studies for horticulture crops undertaken	Number	0.00	5.00					
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Description:

Revised	Name: PFIs staff trained and supporting investments in horticulture sector (cumulative values)	Number	0.00	250.00					
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Description:

Revised	Name: Sub-loans approved	Number	0.00	600.00					
Revised	Sub-loans approved - female beneficiaries	Number	0.00	60.00					
New	Sub-loans approved - smallholder beneficiaries	Number	0.00	200.00					

Description:



Revised Name: Volume of approved sub-loans (USD millions) Amount(USD) 0.00 644.00

New Volume of approved sub-loans - female beneficiaries (USD millions) Amount(USD)0.00 6.00

New Volume of approved sub-loans - smallholder beneficiaries (USD millions) Amount(USD)0.00 50.00

Description: A line of credit is "SME finance" if the supporting subloans have an average outstanding balance > microfinance cut-off noted below, but no more than \$300,000. A line of credit is classified "microfinance" if supporting subloans: a) Have an average outstanding balance (gross loan portfolio ÷ number of active borrowers) < 300% of the latest per capita GNI, OR b) Less than \$1,000. EITHER circumstance triggers classification as microfinance. Lines of credit and other funding for retail SME sub-loans by Participating Financial Institutions or Community-Managed Loan Funds. Report the cumulative amounts disbursed as of most recent date available. If a split by micro and SME is not available or possible, please use 50% for each as proxy.

Revised Name: Farmers and traders accessing project supported facilities Number 0.00 25,000.00

Description:

New Name: IPM programs introduced for horticulture crops under the project (number) Number 0.00 11.00

Description:

New Name: Seed storage facility for Research Institute for Veg. Melons and Potato Tones/year 0.00 5.00



established and actively storing seed

Description:

Name: Fruit and Vegetable Industry Association of Uzbekistan established and operational

Yes/No

No

Yes

Description: Operational based on recommendations of consultants report – which will define charter and an institutional structure with active members.

Name: Number of environmentally and climate friendly technologies promoted under the project

Number

0.00

11.00

Description:

Name: Number of online updates per year from Knowledge Management and Market Information System

Number

0.00

4.00

Description:

Name: Implementation of action plan on strengthening Regulatory framework on food production and handling

Percentage

0.00

70.00



practices

Description: To be based on action plan emerging from consultant reports.

New	Name: The % of participating exporters (farmers and agribusinesses) receiving food safety certificates: Global-GAP or HACCP	Percentage	0.00	50.00				

Description: To be measured from the subset of beneficiaries that are exporting (e.g. 50% of the subset of beneficiaries that are actually exporting under the project).

Target Values

Project Development Objective Indicators FY\_Result1

Action	Indicator Name	Baseline	YR1	YR2	YR3	YR4	YR5	End Target
Revised	Increase in productivity index value	0.00	0.00	0.00	6.00	10.00	15.00	20.00
Revised	Increase in overall gross sales of productive units	0.00	0.00	0.00	10.00	15.00	20.00	20.00
New	Increase in overall gross sales of productive units - farmers	0.00						20.00
New	Increase in overall gross sales of productive units - agribusinesses	0.00						20.00
No Change	Change in aggregate portfolio lending by participating financial institutions to horticulture sector	0.00	4.00	8.00	12.00	15.00	18.00	20.00

Intermediate Results Indicators FY\_Result1

Action	Indicator Name	Baseline	YR1	YR2	YR3	YR4	YR5	End Target
No Change	Client days of training provided (number)	0.00	960.00	2,880.00	4,800.00	6,720.00	8,640.00	9,600.00
No Change	Client days of training provided - Female (number)	0.00	192.00	576.00	960.00	1,344.00	1,728.00	1,920.00
Revised	Farmers and traders trained in real-time information on markets and pricing on horticulture products	0.00	200.00	800.00	1,600.00	2,400.00	3,200.00	4,000.00



Revised	Farmers and traders trained in real-time information on markets and pricing on horticulture products - female	0.00	20.00	80.00	160.00	240.00	320.00	800.00
New	Farmers and traders trained in real-time information on markets and pricing on horticulture products - of which through the producer association	0.00						400.00
Revised	Improved horticulture varieties introduced under the project	0.00	0.00	0.00	2.00	6.00	10.00	12.00
New	Improved horticulture varieties introduced under the project - area planted	0.00						2,000.00
Revised	Horticulture crops for which pest and diseases mapping completed at the regional level	0.00	0.00	3.00	8.00	12.00	15.00	20.00
Revised	Technologies demonstrated in the project areas (number)	0.00	0.00	2.00	4.00	6.00	8.00	20.00
Revised	Beneficiaries satisfied with agricultural services (percentage)	0.00	0.00	30.00	40.00	50.00	60.00	70.00
Revised	Beneficiaries satisfied with agricultural services - female	0.00						70.00
Revised	Number of market studies for horticulture crops undertaken	0.00	0.00	2.00	5.00	5.00	5.00	5.00
Revised	PFIs staff trained and supporting investments in horticulture sector (cumulative values)	0.00	0.00	150.00	250.00	250.00	250.00	250.00
Revised	Sub-loans approved	0.00	50.00	200.00	300.00	400.00	500.00	600.00
Revised	Sub-loans approved - female	0.00	5.00	20.00	30.00	40.00	50.00	60.00



New	beneficiaries Sub-loans approved - smallholder beneficiaries	0.00						200.00
Revised	Volume of approved sub-loans (USD millions)	0.00	12.00	33.00	51.00	74.00	86.20	644.00
New	Volume of approved sub-loans - female beneficiaries (USD millions)	0.00						6.00
New	Volume of approved sub-loans - smallholder beneficiaries (USD millions)	0.00						50.00
Revised	Farmers and traders accessing project supported facilities	0.00	0.00	500.00	1,600.00	2,400.00	3,200.00	25,000.00
New	IPM programs introduced for horticulture crops under the project (number)	0.00						11.00
New	Seed storage facility for Research Institute for Veg, Melons and Potato established and actively storing seed	0.00						5.00
New	Fruit and Vegetable Industry Association of Uzbekistan established and operational	No						Y
New	Number of environmentally and climate friendly technologies promoted under the project	0.00						11.00
New	Number of online updates per year from Knowledge Management and Market Information System	0.00						4.00
New	Implementation of action plan on strengthening Raonlatuv	0.00						70.00



New	framework on food production and handling practices The % of participating exporters (farmers and agribusinesses) receiving food safety certificates: Global-GAP or HACCP	0.00	50.00
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