Mr. Djamshid Kuchkarov  
Minister of Finance  
Ministry of Finance  
Tashkent  
Republic of Uzbekistan

REPUBLIC OF UZBEKISTAN: ECAPDEV Project Preparation Grant for the proposed Agriculture Modernization and Competitiveness Project (TF0A9955)  
Letter Agreement

Dear Mr. Kuchkarov:

In response to the request for financial assistance made on behalf of the Republic of Uzbekistan ("Recipient"), I am pleased to inform you that the International Development Association ("World Bank"), acting as administrator of grant funds provided by various donors ("Donors") under the Multi-Donor Programmatic Trust Fund for Europe and Central Asia Region Capacity Development (ECAPDEV) (TF071624), proposes to extend to the Recipient, a grant in an amount not to exceed four hundred eight thousand United States Dollars (USD 408,000) ("Grant") on the terms and conditions set forth or referred to in this letter agreement ("Agreement"), which includes the attached Annex, to assist in the financing of the project described in the Annex ("Project").

This Grant is funded out of the abovementioned trust fund for which the World Bank receives periodic contributions from the Donors. In accordance with Section 3.02 of the Standard Conditions (as defined in the Annex to this Agreement), the World Bank’s payment obligations in connection with this Agreement are limited to the amount of funds made available to it by the Donors under the abovementioned trust fund, and the Recipient’s right to withdraw the Grant proceeds is subject to the availability of such funds.

The Recipient represents, by confirming its agreement below, that: (a) it understands that the provision of the Agreement does not constitute or imply any commitment on the part of World Bank to assist in financing the proposed Agriculture Modernization and Competitiveness Project; and (b) it is authorized to enter into this Agreement and to carry out the Project in accordance with the terms and conditions set forth or referred to in this Agreement.
Please confirm the Recipient’s agreement to the foregoing by having an authorized official of the Recipient sign and date the enclosed copy of this Agreement and returning it to the World Bank. Upon receipt by the World Bank of this countersigned copy, this Agreement shall become effective as of the date of the countersignature; provided, however, that the offer of this Agreement shall be deemed withdrawn if the World Bank has not received the countersigned copy of this Agreement within 90 days after the date of signature of this Agreement by the World Bank, unless the World Bank shall have established a later date for such purpose.

Very truly yours,

INTERNATIONAL DEVELOPMENT ASSOCIATION

[Signature]
Authorized Representative

AGREEED:

REPUBLIC OF UZBEKISTAN

[Signature]
Authorized Representative

Name  DJAMSHID KUCHNAROV
Title  DEPUTY PRIME MINISTER AND MINISTER OF FINANCE
Date  APRIL 13, 2019

Enclosures:

(2) Disbursement Letter of the same date as this Agreement, together with the “Disbursement Guidelines for Investment Project Financing”, dated February 2017.
Article I
Standard Conditions; Definitions


1.02. **Definitions.** Unless the context requires otherwise, the capitalized terms used in this Agreement have the meanings ascribed to them in the Standard Conditions or in this Agreement.

The following definitions will have the following meanings:

(a) “Agriculture Modernization and Competitiveness Project” or “AMCP” means the proposed project for the preparation of which the World Bank has made this Grant available to the Recipient.

(b) “Operating Costs” means costs incurred by UZAIFSA on account of the Project coordination, implementation and monitoring, including expenditures for vehicles operation and maintenance, office supplies and consumables, utilities, communication, translation and interpretation, bank charges, Project related travel, including per diem and accommodation (but excluding salaries of the Recipient’s civil servants) and other miscellaneous costs directly associated with the Project implementation, all based on periodic budgets acceptable to the World Bank.

(c) “Rules of Operation” means the World Bank’s set of rules and procedures dated July 2014 applicable to the Multi-donor Programmatic Trust Fund for Europe and Central Asia Region Capacity Development (ECAPDEV), containing *inter-alia*, the criteria for eligible countries, the approval process for grants, the financing thresholds of Eligible Expenditures (as further defined in the Standard Conditions) and the applicable governance arrangements; as the same may be amended from time to time by agreement between the Donors of ECAPDEV and the World Bank.

(d) “Training” means Project related study tours, training courses, seminars, workshops and other training activities, not included under service providers’ contracts, including costs of training materials, space and equipment rental, travel, accommodation and per diem costs of trainees and trainers, trainers’ fees, and other training related miscellaneous costs.

(e) “UZAIFSA” means the Recipient’s Uzbekistan Agency for the Implementation of Projects in the field of agriindustry and food security established pursuant to the Decree of the President of the Republic of Uzbekistan No. 5418, dated April 17, 2018, and the resolution of the Cabinet of Ministers of the Republic of Uzbekistan No. 940, dated November 21, 2018.
Article II
Project Execution

2.01. Project Objectives and Description. The objective of the Project is to finance the preparation activities of the AMCP.

The Project consists of the following parts:

(a) Studies on options of agricultural reforms and institutional set up to inform the design of the AMCP, including, inter alia:

(i) review of selected public programs on seed sector, soil fertility management, extension and advisory services, sanitary and phytosanitary measures, food safety systems, and other programs;
(ii) analysis of options for supporting farmer cooperatives and productive partnerships/alliances between farmer groups and agribusinesses/exporters, which would include smallholders into modern value chains;
(iii) selected feasibility studies for agro logistical centers and other market infrastructure;
(iv) selected studies on issues emerging as critical during AMCP preparation; and
(v) workshops to discuss the results of studies and seek feedback.

(b) Support for coordination, safeguards, and fiduciary and implementation arrangements, including through, inter alia:

(i) consultations and preparatory activities related to AMCP coordination, fiduciary and safeguards management and overall implementation;
(ii) training of UZAIFSA staff and other participating stakeholders on the environmental and social framework, and procurement and financial management;
(iii) preparation of the environmental and social management framework and other documents required by the environmental and social framework;
(iv) preparation of the proposed AMCP’s operational manual; and
(v) preparation of AMCP’s procurement strategy development, procurement plan, and other procurement related documents.

(c) Financing of Project audits.

2.02. Project Execution Generally. The Recipient declares its commitment to the objectives of the Project. To this end, the Recipient shall carry out the Project through UZAIFSA in accordance with the provisions of: (a) Article II of the Standard Conditions; (b) 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 (“Anti-Corruption Guidelines”); and (c) this Article II.

2.03. Institutional and Other Arrangements. For purposes of carrying out the Project, the Recipient shall maintain, UZAIFSA at all times during the Project implementation, with adequate staffing, under terms of reference and with functions and responsibilities, all acceptable to the World Bank.
2.04. **Project Monitoring, Reporting and Evaluation.** (a) The Recipient shall monitor and evaluate the progress of the Project and prepare Project Reports in accordance with the provisions of Section 2.06 of the Standard Conditions and on the basis of indicators acceptable to the World Bank. Each Project Report shall cover the period of one (1) calendar semester, and shall be furnished to the World Bank not later than one (1) month after the end of the period covered by such report.

(b) The Recipient shall prepare the Completion Report in accordance with the provisions of Section 2.06 of the Standard Conditions. The Completion Report shall be furnished to the World Bank not later than six (6) months after the Closing Date.

2.05. **Financial Management.** (a) The Recipient shall ensure that a financial management system is maintained in accordance with the provisions of Section 2.07 of the Standard Conditions.

(b) The Recipient shall ensure that interim unaudited financial reports for the Project are prepared and furnished to the World Bank not later than forty-five (45) days after the end of each calendar semester, covering the semester, in form and substance satisfactory to the World Bank.

(c) The Recipient shall have the Project Financial Statements audited in accordance with the provisions of Section 2.07 (b) of the Standard Conditions. The audit of the Financial Statements shall cover the entire period during which withdrawals from the Grant Account were made. The audited Financial Statements for such period shall be furnished to the World Bank not later than six (6) months after the end of such period.

2.06. **Procurement.** All consulting services, Operating costs and Training required for the Project and to be financed out of the proceeds of the Grant shall be procured in accordance with the requirements set forth or referred to in the “World Bank Procurement Regulations for Borrowers under Investment Project Financing” dated July 1, 2016, revised November 2017 and August 2018 (“Procurement Regulations”), and the provisions of the Recipient’s procurement plan for the Project (“Procurement Plan”) dated February 26, 2019 provided for under Section IV of the Procurement Regulations, as the same may be updated from time to time in agreement with the World Bank.

**Article III**

**Withdrawal of Grant Proceeds**

3.01. **Eligible Expenditures.** The Recipient may withdraw the proceeds of the Grant in accordance with the provisions of: (a) Article III of the Standard Conditions; (b) this Section; and (c) such additional instructions as the World Bank may specify by notice to the Recipient (including the “Disbursement Guidelines for Investment Project Financing”, dated February 2017, as revised from time to time by the World Bank and as made applicable to this Agreement pursuant to such instructions), to finance Eligible Expenditures as set forth in the following table. The table specifies the categories of Eligible Expenditures that may be financed out of the proceeds of the Grant (“Category”), the allocations of the amounts of the Grant 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 Grant Allocated (expressed in USD)</th>
<th>Percentage of Expenditures to be Financed (inclusive of Taxes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Consulting services, including audits</td>
<td>331,000</td>
<td>100%</td>
</tr>
<tr>
<td>(2) Training</td>
<td>42,000</td>
<td>100%</td>
</tr>
<tr>
<td>(3) Operating Costs</td>
<td>35,000</td>
<td>100%</td>
</tr>
<tr>
<td>TOTAL AMOUNT</td>
<td>408,000</td>
<td></td>
</tr>
</tbody>
</table>

Unless otherwise agreed with the World Bank, the Recipient shall ensure that the amounts allocated to finance Eligible Expenditures do not exceed the financing thresholds of said Eligible Expenditures pursuant to the Rules of Operation.

3.02. **Withdrawal Conditions.** Notwithstanding the provisions of Section 3.01 of this Agreement, no withdrawal shall be made for payments made prior to the date of this Agreement.

3.03. **Withdrawal Period.** The Closing Date referred to in Section 3.06 (c) of the Standard Conditions is either: (a) December 31, 2019; or (b) the date on which the World Bank declares the proposed Agriculture Modernization and Competitiveness Project effective, whichever comes first.

**Article IV**

**Additional Remedies**

4.01. **Additional Event of Suspension.** The Additional Event of Suspension referred to in Section 4.02 (k) of the Standard Conditions consists of the following, namely that the World Bank has decided, at any time after consultation with the Recipient, to withdraw its financial support for the proposed Agriculture Modernization and Competitiveness Project.

**Article V**

**Recipient’s Representative; Addresses**

5.01. **Recipient’s Representative.** The Recipient’s Representative referred to in Section 7.02 of the Standard Conditions is its Minister of Finance.

5.02. **Recipient’s Address.** The Recipient’s Address referred to in Section 7.01 of the Standard Conditions is:

Ministry of Finance  
29, Istiklol Street, Tashkent City  
Uzbekistan, 100017  
Phone Office: (998 71) 239-12-52, (998 71) 239-15-69  
Fax: (998 71) 244-56-43
5.03. **World Bank’s Address.** The World Bank’s Address referred to in Section 7.01 of the Standard Conditions is:

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

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