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CREDIT NUMBER 6110-UZ

# **Financing Agreement**

**(Livestock Sector Development Project)**

**between**

**REPUBLIC OF UZBEKISTAN**

**and**

**INTERNATIONAL DEVELOPMENT ASSOCIATION**

**Dated September 20, 2017**

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**CREDIT NUMBER 6110-UZ**

**FINANCING AGREEMENT**

AGREEMENT dated September 20, 2017, 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 the amount of one hundred twenty million Dollars (\$120,000,000) (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 The Service Charge payable by the Recipient on the Withdrawn Credit Balance shall be equal to the greater of: (a) the sum of three-fourths of one percent (3/4 of 1%) per annum plus the Basis Adjustment to the Service Charge; and (b) three-fourths of one percent (3/4 of 1%) per annum.
- 2.05. The Interest Charge payable by the Recipient on the Withdrawn Credit Balance shall be equal to the greater of: (a) the sum of one and a quarter percent (1.25%) per annum plus the Basis Adjustment to the Interest Charge; and (b) zero percent (0%) per annum.

- 2.06. The Payment Dates are May 15 and November 15 in each year.
- 2.07. The principal amount of the Credit shall be repaid in accordance with the repayment schedule set forth in Schedule 3 to this Agreement.
- 2.08. The Payment Currency is Dollar.

### **ARTICLE III — PROJECT**

- 3.01. The Recipient declares its commitment to the objective of the Project. To this end, the Recipient shall carry out the Project through RRA 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 Events of Suspension consist of the following:
  - (a) the Bank has received evidence, that it considers credible, of the use of child or forced labor in connection with the Project activities; and
  - (b) 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.
- 4.02. The Additional Event of Acceleration consists of the following, namely, an event specified in Section 4.01 of this Agreement occurs and is continuing for a period of sixty (60) days after notice of the event has been given by the Association to the Recipient.

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

- 5.01. The Additional Conditions of Effectiveness consist of the following:
  - (a) the Project Operational Manual, including the Credit Line Investment Guidelines, has been adopted by the Recipient in a form and substance satisfactory to the Association;

- (b) the Loan Agreement has been executed and delivered and all conditions precedent to its effectiveness or to the right of the Recipient to make withdrawals under it (other than the effectiveness of this Agreement) have been fulfilled; and
  - (c) the implementation capacity of RRA has been strengthened by employment of additional financial management, procurement and safeguard specialists, and by updating of its accounting software in accordance with the technical requirements and specifications set forth in the Project Operational Manual.
- 5.02. The Effectiveness Deadline is the date one hundred twenty (120) 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 years after the date of this Agreement.

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

- 6.01. The Recipient's Representative is its Minister of Finance.
- 6.02. The Recipient's Address is:

Ministry of Finance  
Mustakilik Square 5  
Tashkent 100008  
Republic of Uzbekistan

Telex:	Facsimile:
11 6360 IK BOL	(998-71) 233-7073
	(998-71) 239-1259

- 6.03. The Association's Address is:

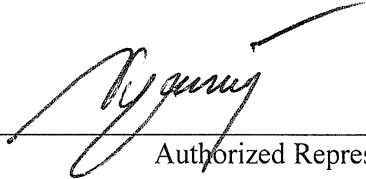
International Development Association  
1818 H Street, N.W.  
Washington, D.C. 20433  
United States of America

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

AGREED at New York City, United States of America, as of the day and year first above written.

REPUBLIC OF UZBEKISTAN

By

  
Authorized Representative

Name: DJAMSHID KUCHKAROV

Title: DEPUTY PRIME MINISTER

INTERNATIONAL DEVELOPMENT ASSOCIATION

By

  
Authorized Representative

Name: LILIA BURUNCIUC

Title: COUNTRY DIRECTOR  
EUROPE AND CENTRAL ASIA REGION

## **SCHEDULE 1**

### **Project Description**

The objective of the Project is to improve livestock sector productivity and access to market in selected regions of the Recipient.

The Project consists of the following parts:

#### **Part A: Livestock Sector Public Investment Framework and Public Services**

Veterinary services improvement, including: (i) provision of technical assistance to improve the legal framework and strategy for development of the veterinary services; (ii) provision of Training and equipment to selected public veterinary agencies to improve disease surveillance and reporting systems, veterinary diagnostics laboratories and standard operating procedures, vaccine storage and distribution facilities, public awareness, and rapid response capacity; (iii) carrying out minor works and provision of equipment for rehabilitation of selected laboratory facilities; and (iv) provision of technical assistance for studies on border control and quarantine, veterinary drug regulation and on animal identification, registration and movement control.

#### **Part B: Credit Line for Private Investments**

1. Provision, through selected PFIs, of Sub-credits to Beneficiaries.
2. Provision of technical assistance and Training to PFIs on sector-specific loan product development, loan appraisal and monitoring.

#### **Part C: Project Coordination, Management, Monitoring and Evaluation**

1. Strengthening the RRA's capacity for Project management, monitoring and evaluation, through provision of goods, consultants' services, Training, and financing of Incremental Operating Costs.
2. Conducting Project impact assessments at mid-term Project review and prior to the Project closure.
3. Provision of Training to Beneficiaries on Project related safeguards requirements and carrying out public awareness campaign on labor practices in agriculture.

## SCHEDULE 2

### Project Execution

#### Section I. Implementation Arrangements

##### A. Institutional Arrangements

1. For the purposes of overall Project management, implementation and coordination the Recipient shall maintain the RRA until completion of the Project, with staff, resources and terms of reference satisfactory to the Association and adequate for successful implementation of the Project.
2. The Recipient, through RRA, shall: (i) adopt the Project Operational Manual, including the Credit Line Investment Guidelines, satisfactory to the Association, and setting out, *inter alia*, the institutional, disbursement, procurement and financial management (including Project-related internal control, budgeting, external auditing, financial reporting and accounting policies and procedures) arrangements for the implementation of the Project; (ii) carry out the Project in accordance with the Project Operational Manual; and (iii) not amend, suspend, repeal or waive any of the provisions of the Project Operational Manual without the Association's prior written agreement. In case of any discrepancy between the provisions of the Project Operational Manual and those of this Agreement, the provisions of this Agreement shall prevail.
3. For the purposes of carrying out Part B.1 of the Project the Recipient, through RRA, shall: (i) adopt, as a part of the Project Operational Manual, the Credit Line Investment Guidelines, satisfactory to the Association, and setting out, *inter alia*, eligibility criteria and selection procedures for PFIs, eligibility criteria and selection procedures for Beneficiaries, financing terms and conditions for Subsidiary Loans and Sub-credits, fiduciary and reporting requirements applicable to PFIs and Beneficiaries, procurement procedures and safeguard requirements applicable to Sub-projects; (ii) carry out Part B.1 of the Project in accordance with the Credit Line Investment Guidelines; and (iii) not amend, suspend, repeal or waive any of the provisions of the Credit Line Investment Guidelines without the Association's prior written agreement. In case of any discrepancy between the provisions of the Credit Line Investment Guidelines and those of this Agreement, the provisions of this Agreement shall prevail.

##### B. Subsidiary Agreements

1. To facilitate the carrying out of Part B.1 of the Project, the Recipient shall make part of the proceeds of the Financing allocated from time to time to Category (2) of the table set forth in Section IV.A.2 of this Schedule available to each PFI under a subsidiary agreement between the RRA and the respective PFI ("Subsidiary

Agreement”), under terms and conditions approved by the Association, which shall include, *inter alia*, the following:

- (a) a Subsidiary Loan shall be made available to each PFI in Dollars;
  - (b) the principal amount of a Subsidiary Loan shall be repaid by the respective PFI in Dollars or in Soums in semi-annual installments over a period of up to twenty (20) years, including a grace period of five (5) years;
  - (c) interest on the outstanding balances of a Subsidiary Loan and other charges, if applicable, shall be charged at rates acceptable to the Association;
  - (d) each PFI shall carry out activities under the respective Subsidiary Agreement in accordance with the Anti-corruption Guidelines; and
  - (e) each PFI shall be responsible for monitoring of Sub-project implementation and ensuring compliance by 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 a Sub-credit, said Sub-credit shall be refunded to the RRA, such a Beneficiary shall be barred from further borrowings under Part B.1 of the Project, and the respective PFI shall be disqualified from providing further Sub-credits under Part B.1 of the Project.
2. The RRA shall exercise its rights and carry out its obligations under each Subsidiary Agreement in such manner as to protect the interests of the Recipient and the Association and to accomplish the purposes of the Financing.

**C. Sub-credits**

1. The Recipient, through the RRA, shall ensure that each PFI provides Sub-credits to Beneficiaries in accordance with terms and conditions, eligibility criteria and procedures set forth in the Credit Line Investment Guidelines. Such procedures shall include, *inter alia*, environmental screening of the proposed activities and determining what type of environmental impact assessment has to be carried out by the Beneficiary, as well as the screening aimed to ensure compliance with applicable laws and regulations of the Recipient, including those related to child and forced labor.
2. Each Sub-credit shall be provided by a PFI to a Beneficiary under a Sub-credit Agreement on terms and conditions satisfactory to the Association and set forth in the Credit Line Investment Guidelines, which shall, *inter alia*, include the following:



- (a) each Sub-credit shall be denominated in Dollars or in Soums;
- (b) interest on the principal amount of each Sub-credit withdrawn and outstanding from time to time shall be charged by a PFI at the prevailing interest rate under the respective Subsidiary Agreement of said PFI plus a market-based spread determined by the PFI in accordance with its investment and lending policies and practices, and the provisions of the Credit Line Investment Guidelines;
- (c) each Sub-credit Agreement shall include provisions adequate to protect the interests of the Recipient and the Bank, including the right of the RRA or a PFI to suspend or terminate the right of a Beneficiary to use the proceeds of the Sub-credit, or declare to be immediately due and payable all or any part of the amount of the Sub-credit then withdrawn, upon a Beneficiary's failure to perform any of its obligations under the Sub-Credit Agreement;
- (d) each Beneficiary shall:
  - (A) carry out its Sub-project: (i) 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; (ii) in compliance with the requirements of the Recipient's applicable laws and regulations, including those on child and forced labor; (iii) in accordance with the provisions of the Anti-Corruption Guidelines; and (iv) in accordance with the Environmental and Social Management Framework;
  - (B) provide, promptly as needed, the resources required for the purposes of a Sub-project;
  - (C) procure the goods, works and services to be financed out of the proceeds of a Sub-credit in accordance with the provisions of this Agreement;
  - (D) (i) maintain a financial management system and prepare financial statements in accordance with consistently applied accounting standards acceptable to the Association, both in a manner adequate to reflect the operations, resources and expenditures related to a Sub-project; and (ii) at the Association's request, have such financial statements audited by independent auditors acceptable to the Association, in accordance with consistently applied auditing standards acceptable to the Association, and

promptly furnish the statements as so audited to the Recipient and the Association;

- (E) enable the Recipient and the Association to inspect a Sub-project, its operation and any relevant records and documents; and
- (F) prepare and furnish to the Recipient and the Association all such information related to a Sub-project as they shall reasonably request.

3. The Recipient, through RRA, shall ensure that the activities to be financed from a Sub-credit do not include any land acquisition, displacement of people, and construction of new or rehabilitation of existing dams.

**D. Anti-Corruption**

The Recipient shall ensure that the Project is carried out in accordance with the provisions of the Anti-Corruption Guidelines.

**E. Third Party Monitoring and Feedback Mechanism**

1. The Recipient shall carry out the Project in compliance with this Agreement, appropriate social standards and practices and any applicable laws and regulations on child and/or forced labor, including such compliance by PFIs and Beneficiaries, and shall, at the beginning of the cotton harvesting season during each year of the Project implementation, instruct any involved local authorities to ensure strict compliance with such laws and regulations while organizing cotton harvesting.
2. The Recipient shall take all necessary actions, and ensure that necessary actions are taken, to enable the TPM Consultant to perform monitoring activities in accordance with the applicable terms of reference, including, but not limited to allowing and facilitating for the TPM Consultant to visit sites where the Project is being carried out, collect relevant data and communicate with Project stakeholder and participants.
3. The Recipient shall: (a) review and discuss with the Association monitoring reports prepared by the TPM Consultant; and (b) promptly take any actions, as may be requested by the Association upon its review of said reports, with respect to compliance with the undertakings relating to child and/or forced labor as set forth in this Agreement and the Project Operational Manual.
4. The Recipient: (a) shall and shall cause respective local authorities to fully collaborate with the TPM Consultant in developing an effective grievance redress mechanism in connection with the Project activities, as set forth in the TPM Consultant's terms of reference; (b) shall review biannual reports of the TPM

Consultant on grievances received, redress mechanism and any feedback provided; and (c) shall promptly implement or cause relevant local authorities to implement the recommendations provided in said reports.

**F. Safeguards**

The Recipient, through RRA, shall ensure that the Project, including Sub-projects under Part B.1 of the Project, is implemented pursuant to the provisions of the Environmental and Social Management Framework, and a site specific Environmental Management Plan, if/when necessary, 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 Bank.

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

**A. Project Reports**

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 indicators acceptable to the Association. Each Project Report shall cover the period of one calendar quarter, and shall be furnished to the Association not later than forty five (45) days after the end of the period covered by such report.

**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 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.

### **Section III. Procurement**

#### **A. General**

1. **Goods, Works and Non-consulting Services.** All goods, works and non-consulting 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 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 Sections II and III of the Procurement Guidelines, or Sections II, III, IV and V of the Consultant Guidelines, as the case may be.

#### **B. Particular Methods of Procurement of Goods, Works and Non-consulting Services**

1. **International Competitive Bidding.** Except as otherwise provided in paragraph 2 below, goods, works and non-consulting services shall be procured under contracts awarded on the basis of International Competitive Bidding.
2. **Other Methods of Procurement of Goods, Works and Non-consulting Services.** The following methods, other than International Competitive Bidding, may be used for procurement of goods, works and non-consulting services for those contracts specified in the Procurement Plan: (a) National Competitive Bidding, subject to the additional provisions set forth in the Annex to this Schedule 2; (b) Shopping; (c) Direct Contracting; and (d) Well-established Private Sector Procurement Methods or Commercial Practices which have been found acceptable to the Association.

#### **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 methods, other than Quality and Cost-based Selection, may be used for

procurement of consultants' services for those contracts which are specified in the Procurement Plan: (a) Quality-based Selection; (b) Selection under a Fixed Budget; (c) Least Cost Selection; (d) Selection based on Consultants' Qualifications; (e) Single-source Selection of consulting firms; (f) Procedures set forth in paragraphs 5.2 and 5.3 of the Consultant Guidelines for the Selection of Individual Consultants; and (g) Single-source procedures for the Selection of Individual Consultants.

**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.

**E. Procurement of Incremental Operating Costs**

Expenditures included in the Incremental Operating Costs category may be procured in accordance with the established administrative procedures of the Recipient acceptable to 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 "Disbursement Guidelines for Investment Project Financing" dated February 2017, 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 Financing to each Category, and the percentage of expenditures to be financed for Eligible Expenditures in each Category:

Category	Amount of the Financing Allocated (expressed in USD)	Percentage of Expenditures to be Financed (exclusive of Taxes, other than Withheld Taxes)
(1) Goods, works, non-consulting services, consultants' services, Training and Incremental Operating Costs for the Project	7,700,000	100%
(2) Sub-credits under Part B.1 of the Project	112,300,000	100% of the amount of Sub-credits
<b>TOTAL AMOUNT</b>	<u>120,000,000</u>	

**B. Withdrawal Conditions; Withdrawal Period**

1. Notwithstanding the provisions of Part A of this Section, no withdrawal shall be made for payments made prior to the date of this Agreement.
2. The Closing Date is June 30, 2022.

## ANNEX TO SCHEDULE 2

The National Competitive bidding procedures of the Borrower 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 of 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 Bank.
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 Bank-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 Bank's prior concurrence.
  - (b) When the number of bids received is less than three (3), re-bidding shall not be carried out without the Bank's prior concurrence.



**SCHEDULE 3**

**Repayment Schedule**

<b>Date Payment Due</b>	<b>Principal Amount of the Credit repayable (expressed as a percentage)*</b>
On each May 15 and November 15:	
commencing November 15, 2022 to and including May 15, 2032	<b>1.65%</b>
commencing November 15, 2032 to and including May 15, 2042	<b>3.35%</b>

\* 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

### Section I. Definitions

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 and as of July 1, 2016.
2. “Basis Adjustment to the Interest Charge” means the Association’s standard basis adjustment to the Interest Charge for credits in the currency of denomination of the Credit, in effect at 12:01 a.m. Washington, D.C. time, on the date on which the Credit is approved by the Executive Directors of the Association, and expressed either as a positive or negative percentage per annum.
3. “Basis Adjustment to the Service Charge” means the Association’s standard basis adjustment to the Service Charge for credits in the currency of denomination of the Credit, in effect at 12:01 a.m. Washington, D.C. time, on the date on which the Credit is approved by the Executive Directors of the Association, and expressed either as a positive or negative percentage per annum.
4. “Beneficiary” means any individual farmer, dekhani farm, farmers’ association, private livestock farm, agro-firm or agro-processing enterprise that either engages in or intends to engage with support of Sub-credit in any livestock production activity, including processing, marketing, distribution, trade, service and production activities, duly registered pursuant to the laws of the Recipient, selected to receive a Sub-credit under Part B.1 of the Project in accordance with the criteria and procedures set forth in the Credit Line Investment Guidelines, and “Beneficiaries” means the plural thereof.
5. “Category” means a category set forth in the table in Section IV of Schedule 2 to this Agreement.
6. “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 (revised July 2014).
7. “Credit Line Investment Guidelines” means the guidelines to be adopted by the Recipient, through RRA, as a part of the Project Operational Manual, for the purposes of carrying out Part B.1 of the Project, pursuant to Section 5.01 of this Agreement and referred to in paragraph 3 of Section I.A of Schedule 2 to this Agreement, as the same may be amended from time to time with the agreement of the Association.

8. “Environmental and Social Management Framework” or “ESMF” means the Environmental and Social Management Framework adopted by the RRA on April 10, 2017 for the purposes of the Project that outlines environmental assessment procedures and mitigation requirements to avoid, minimize or mitigate potential negative environmental and related social impacts caused by implementation of the Project, as well as the procedures for: (a) screening Sub-projects based on their expected impacts on the natural and social environment; (b) evaluating Sub-project-related risks; and (c) defining a need for preparation and parameters of a site specific EMP, as may be updated as necessary during the Project implementation with the Association’s prior written approval.
9. “Environmental Management Plan” or “EMP” means a site specific environmental management plan as may be required pursuant to ESMF to avoid, minimize or mitigate potential negative environmental and related social impacts caused by implementation of the Project or a Sub-project.
10. “FBM” or “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 Association.
11. “General Conditions” means the “International Development Association General Conditions for Credits and Grants”, dated July 31, 2010, with the modifications set forth in Section II of this Appendix.
12. “Incremental Operating Costs” means incremental costs incurred by RRA 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 Association.
13. “Loan Agreement” means the loan agreement for the Project between the Recipient and the Association, dated the same date as this Agreement, as such loan agreement may be amended from time to time. “Loan Agreement” includes all appendices, schedules and agreements supplemental to the Loan Agreement.
14. “MAWR” means the Ministry of Agriculture and Water Resources of the Recipient, or any successor thereto.
15. “Participating Financial Institution” or “PFI” means a commercial bank or other financial institution of the Recipient selected to participate in Part B.1 of the

Project in accordance with the eligibility criteria and procedures set forth in the Credit Line Investment Guidelines, and “Participating Financial Institutions” or “PFIs” means the plural thereof.

16. “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 (revised July 2014).
17. “Procurement Plan” means the Recipient’s procurement plan for the Project, dated April 27, 2017 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.
18. “Project Operational Manual” or “POM” means the Project Operational Manual, which shall include the Credit Line Investment Guidelines, to be adopted by the Recipient for the purposes of the Project pursuant to Section 5.01 of this Agreement, setting forth the operational and administrative responsibilities, procedures and rules for the implementation of the Project, data collection and reporting, and which includes a manual of financial management procedures that sets out procedures for Project accounting, reporting and audit, disbursements, flow of funds and management of the designated account as the same may be amended from time to time with the agreement of the Association
19. “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.
20. “RRA’s Legislation” means the Decree of the Cabinet of Ministers of the Republic of Uzbekistan No. 356 dated August 19, 1998.
21. “Soum” means the lawful currency of the Recipient.
22. “Sub-credit” means a financing provided or to be provided by a PFI to a Beneficiary under a Sub-credit Agreement under Part B.1 of the Project for the purposed of financing of all or a portion of a Beneficiary’s expenditures under a Sub-project, and “Sub-credits” means the plural thereof.
23. “Sub-credit Agreement” means an agreement entered or to be entered between a PFI and a Beneficiary for the purposes of provision of a Sub-credit under Part B.1 of the Project, and “Sub-credit Agreements” means the plural thereof.
24. “Sub-project” means a set of livestock related investment activities to be implemented by a Beneficiary and selected to be financed by a Sub-credit in accordance with the criteria and procedures set forth in the Credit Line Investment Guidelines, and “Sub-projects” means the plural thereof.

25. “Subsidiary Agreement” means any agreement between the RRA and a PFI referred to in Section I.B of Schedule 2 to this Agreement pursuant to which the Recipient shall make part of the proceeds of the Financing available to a PFI for the purposes of provision of Sub-credits to Beneficiaries, and “Subsidiary Agreements” means the plural thereof.
26. “Subsidiary Loan” means any loan made by the RRA to a PFI under a Subsidiary Agreement, and “Subsidiary Loans” means the plural thereof.
27. “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 report) to be carried out by the TPM Consultant with the purpose of detecting any occurrence of child or forced labor in connection with the Project activities, 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 Association.
28. “TPM Consultant” means an entity with internationally recognized expertise in social audit and monitoring and evaluation of development projects, to be procured by the Association for carrying out the TPM and FBM in accordance with relevant terms of reference approved by the Bank.
29. “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.
30. “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.

## **Section II. Modifications to the General Conditions**

The General Conditions are hereby modified as follows:

1. Section 3.02 is modified to read as follows:

“Section 3.02. *Service Charge and Interest Charge*

(a) *Service Charge.* The Recipient shall pay the Association a service charge on the Withdrawn Credit Balance at the rate specified in the Financing Agreement. The Service Charge shall accrue from the respective dates on which amounts of the Credit are withdrawn and shall be payable semi-annually in arrears on each Payment Date. Service

Charges shall be computed on the basis of a 360-day year of twelve 30-day months.

(b) *Interest Charge.* The Recipient shall pay the Association interest on the Withdrawn Credit Balance at the rate specified in the Financing Agreement. Interest shall accrue from the respective dates on which amounts of the Credit are withdrawn and shall be payable semi-annually in arrears on each Payment Date. Interest shall be computed on the basis of a 360-day year of twelve 30-day months.”

2. Paragraph 28 of the Appendix (“Financing Payment”) is modified by inserting the words “the Interest Charge” between the words “the Service Charge” and “the Commitment Charge”.

3. The Appendix is modified by inserting a new paragraph 32 with the following definition of “Interest Charge”, and renumbering the subsequent paragraphs accordingly:

“32. “Interest Charge” means the interest charge specified in the Financing Agreement for the purpose of Section 3.02 (b).”

4. Renumbered paragraph 37 (originally paragraph 36) of the Appendix (“Payment Date”) is modified by inserting the words “Interest Charges” between the words “Service Charges” and “Commitment Charges”.

5. Renumbered paragraph 50 (originally paragraph 49) of the Appendix (“Service Charge”) is modified by replacing the reference to Section 3.02 with Section 3.02 (a).