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REPUBLIC OF UZBEKISTAN

CLIMATE ADAPTATION AND MITIGATION PROGRAM FOR ARAL SEA BASIN

INVESTMENT FINANCING SUB-COMPONENT

CREDIT LINE INVESTMENT GUIDELINES

March 15, 2017

 

TABLE OF CONTENTS

- I. Introduction
- II. Definitions
- III. Eligibility Criteria and Procedures for Selection of PFIs
- IV. General Conditions of the Financing
- V. Principal Terms and Conditions of Subsidiary Loan Agreements
- VI. Eligibility Criteria, Approval Procedures and Principal Terms and Conditions of Sub-loans
- VII. Accounting and Reporting in PFIs
- VIII. Audit
- IX. Environmental Standards
- X. Procurement
- XI. Other Safeguards
- XIV. RRA Functions under the Credit Line

Annexes:

- Annex 1: Statements of Expenditures (for Sub-loans)
- Annex 2: Sub-project Information Sheet
- Annex 3: Project Summary Report
- Annex 4A: Letter of Approval
- Annex 4B: Letter of Rejection
- Annex 5: Environmental Review Forms
- Annex 6: Terms of Reference for an Environmental Assessment
- Annex 7: Field Inspection Checklist
- Annex 8: Environmental Management Plan Checklist
- Annex 9: Sample Sub-loan Agreement Form for Beneficiaries
- Annex 10: List of Documents for Loan Application to PFI
- Annex 11: PFI Quarterly Report Form
- Annex 12: Sub-Project Monitoring Form
- Annex 13: List of Documents to be Maintained at the Sub-Borrower File at the PFI
- Annex 14: Pest Management Plan

I. INTRODUCTION

1. On March 13, 2017 the Republic of Uzbekistan (the Borrower) entered into a Loan Agreement (Loan No. 5741 UZ) with the International Development Association (hereinafter called the Association or "IDA") for the financing of the "Climate Adaptation and Mitigation Program for Aral Sea Basin" (CAMP4ASB or the "Project"). One of the components of the Project is a Credit Line, amounting to about USD12.64 million equivalent, to finance short-, medium- and long-term sub-loans (investment, lease, or working capital), with the objective to promote the adoption of climate resilience and mitigation measures in rural production; land management and other areas by farmers and agribusinesses¹ as well as resource user groups operating in Uzbekistan.

2. The Ministry of Finance (MOF) on behalf of the Republic of Uzbekistan will channel the funds from the Credit Line (referred to in paragraph 1 above) to ultimate Project Beneficiaries through the Rural Restructuring Agency (RRA) and eligible Participating Financial Institutions (PFIs) in accordance with the terms and conditions of Subsidiary Loan Agreements to be signed between the Republic of Uzbekistan, RRA, and each eligible PFI.

3. The present Credit Line Investment Guidelines (CLIG) are intended to provide detailed instructions and guidance to the PFIs and to all other participants in Project implementation on the operational modalities, rules and regulations applicable to the management of the financial resources from the IDA-supported Credit Line. Utilization of financial resources provided under the sub-projects should comply with these Credit Line Investment Guidelines. These Credit Line Investment Guidelines constitute an integral part of the Financing Agreement, and the Subsidiary Loan Agreements to be signed between the Republic of Uzbekistan, RRA, and each participating financial institution.

II. DEFINITIONS

4. For a better understanding of the Credit Line Investment Guidelines, the following definitions will apply:

(a) "Banking day" means a day on which banks are open for business in the Republic of Uzbekistan.

(b) "CBU" means the Central Bank of Uzbekistan.

(c) "Credit Line" means the proceeds of the Financing from the International Development Association made available by the Republic of Uzbekistan to Participating Financial Institutions for the purpose of implementing the Credit Line under the Project "Climate Adaptation and Mitigation Program for Aral Sea Basin".

(d) "Credit Line Investment Guidelines" or "CLIG" means the compendium of rules and regulations, including its annexes, and any amendments hereto, approved by MOF, CBU, and the Ministry of Agriculture and Water Resources (MAWR), and satisfactory to IDA, which are applicable to the management of the financial resources available from the Credit Line, setting out the operational and administrative procedures for the management of the financial resources available from the Credit Line, including selection, financing, monitoring and performance assessment of PFIs, and criteria for the selection of Sub-projects.

¹ Agribusinesses under this component cover agro-processing companies, owners and operators of storages, traders and other companies involved in the agricultural sector.

(e) "Eligible Investment" means, under the Credit Line, the total Sub-project financing, which will consist of the Sub-borrower contribution (in accordance with paragraph 32), the Sub-loan, and PFI contribution, if any, in accordance with paragraph 31.

(f) "EMP(s)" mean the Recipient's site-specific environmental management plan(s), acceptable to IDA, prepared or to be prepared during the Project implementation in accordance with the EMF dated May 11, 2014, and approved by IDA, describing environmental mitigation, monitoring and institutional measures for any Sub-project under the Project.

(g) "Leasing Company" means a company registered and operating in accordance with the applicable laws and regulations of the Republic of Uzbekistan pertaining to companies, while at the same time licensed to engage in transactions that include transactions qualifying as leasing in accordance with the applicable laws and regulations of the Republic of Uzbekistan pertaining to leasing.

(h) "Loan Account" means designated account of IDA used for disbursement of the Financing funds to the Republic of Uzbekistan for implementation of CAMP4ASB.

(i) "Financing Agreement" means the agreement signed on March 13, 2017 between the Republic of Uzbekistan and the International Development Association for the purpose of providing the credit funds within the framework of the Project.

(j) "Free Limit Sub-loan" means any Sub-loan made by the PFI for a Sub-project and not exceeding US\$150 000, as set forth in the CLIG, except the first three Sub-loans submitted by each PFI to RRA for (re)financing from the Credit Line, irrespective of the amount.

(k) "Interest Payment Date" means March 5 and September 5 of every year.

(l) "MAWR" means the Ministry of Agriculture and Water Resources of the Republic of Uzbekistan.

(m) "MOF" means the Ministry of Finance of the Republic of Uzbekistan.

(n) "Participating Financial Institution" or "PFI" means a participating and prequalified commercial banking sector or Leasing Company, which meets the criteria set forth in the CLIG, selected for provision of sub-loans under the Credit Line.

(o) "Revolving Account" means auxiliary records maintained by each PFI which would reflect the dates and amounts of Sub-loan principal collected by PFI and the application of these funds for (i) repayment by PFI on account of Subsidiary Loan principal, and (ii) provision of additional Sub-loans to eligible Sub-borrowers as stipulated in the CLIG.

(p) "RRA" means the Rural Restructuring Agency, operating under MAWR, or any successor thereto. Under CAMP4ASB, RRA, will be responsible for the administration of the Project, including the implementation of the Credit Line, monitoring of PFIs, and other activities as stipulated in Section XII of these Guidelines.

(q) "Sub-borrower" means any individual, private enterprise, dehkan (household farm), farmer, resource-user groups and agri-business, that is either engaged or intends to engage (as a result of the Sub-loan) in an Eligible Entrepreneurial Activity (in accordance with paragraph 9 of these Guidelines) in the

Eligible Area (in accordance with paragraph 10 of these Guidelines), duly registered pursuant to the laws of the Borrower, to which a PFI proposes to make or has made a Sub-loan.

(r) "Sub-loan" means an investment loan or lease, or a working capital loan, made or proposed to be made by a PFI to a Sub-borrower, in accordance with the Subsidiary Loan Agreement and in compliance with the CLIG, for the purpose of financing of, in part the costs for carrying out of a Sub-project.

(s) "Sub-loan Agreement" means any of the agreements entered into between PFIs and Sub-borrowers for the purpose of financing Sub-projects from the Credit Line.

(t) "Sub-project" means a specific project or investment in an Eligible Area (as defined in paragraph 10 of these Guidelines), to be carried out by a Sub-borrower utilizing, in part, the proceeds of a Sub-loan.

(u) "Subsidiary Loan" means the total amount of principal in USD and/or UZS withdrawn by the PFI in accordance with the terms and conditions of the Subsidiary Loan Agreement, and outstanding from time to time.

(v) "Subsidiary Loan Agreement" means any of the agreements, inclusive of all annexes and appendices entered into between the Republic of Uzbekistan, RRA and a PFI, for the purpose of implementing the Credit Line.

(x) "USD" or "US Dollar" means the lawful currency of the United States of America.

(y) "UZS" or "Soum" means the lawful currency of the Republic of Uzbekistan.

III. ELIGIBILITY CRITERIA AND PROCEDURES FOR SELECTION OF PFI

5. In order to become a Participating Financial Institution (PFI), commercial banks and leasing companies have to qualify under a due diligence procedure in accordance with a set of operational, financial, and management criteria indicated below in paragraph 7(a) and (b), and have to sign a tri-partite Subsidiary Loan Agreement (SLA) with the Republic of Uzbekistan and RRA. In order to maintain its eligibility as a PFI, the commercial banks and lease companies have to meet the said criteria at all times.

6. Potential PFIs are individually appraised, through a due diligence procedure, by an experienced consultant with international experience specializing in due diligence of financial institutions, together with RRA and non-objected by IDA. During the detailed due diligence assessment, particular attention will be given to the overall lending capabilities, and financial and portfolio performance. The PFI must have satisfactory financial and management structure, a satisfactory risk-based capital adequacy, an acceptable asset quality and lending performance, adequate liquidity, and the organization, management and technical staff and other resources required for the efficient carrying out of the operations.

7. The criteria for the initial due diligence and continued maintenance of a PFI status are provided below. These criteria shall be used by RRA to monitor the continued eligibility of the PFIs operating under the Credit Line.

(a) Commercial Banks

A. General Standards:

- (i) Be in compliance with all banking laws and prudential regulations of the Central Bank of Uzbekistan.
- (ii) Be interested and committed to servicing the range of clients, who are the intended beneficiaries of CAMP4ASB.
- (iii) Have or be willing to open branches or minibanks in the project districts or ability to ensure other ways of servicing the potential borrowers in the project districts.
- (iv) Undergo an annual audit that is conducted in accordance with International Standards of Auditing (ISA) by an audit company acceptable to IDA for the purposes of audit of financial institutions, with an unqualified audit opinion.
- (v) Have the necessary staff, knowledge, physical and other resources to implement the credit facility under the Project.

B. Financial Prudential Standards:

- (i) At all times, meet the prudential regulations issued by the Central Bank of Uzbekistan.
- (ii) Have a risk-weighted capital adequacy ratio of no less than 10 percent.
- (iii) The maximum exposure to a single borrower or group of related borrowers shall not exceed 15% of the bank's tier one capital.
- (iv) Have aggregate exposure to insiders (defined as members of the Board of Directors and the Management Board of such PFI, employees in management position and shareholders with voting rights in excess of 10%) of no more than 100% of tier one capital.
- (v) Have a positive net income for the current and two immediately preceding financial years, as reflected in the financial statements audited in accordance with ISA.
- (vi) Have acceptable asset quality and quality management policies, procedures, and skills.
- (vii) Have NPLs² not exceeding 5% of the total loan portfolio at any time.
- (viii) Have a positive Return on Assets and Return on Equity equivalent or greater than the inflation rate.
- (ix) The aggregate share of Sub-loan/Lease/Sub-financing portfolio outstanding under the First Rural Enterprise Support Project, Second Rural Enterprise Support Project, including additional financing, Horticulture Development Project and CAMP4SAB, shall not exceed 75% of the PFI's tier one capital according to International Accountants' Standards.

C. Corporate Governance and Managerial Standards:

² NPLs are loans overdue by 90 days or more and have been placed in non-accrual status.

- (i) Have a Board of Directors, responsible for setting the overall bank policy and perform appropriate oversight of the bank's operations.
- (ii) Have a qualified and capable management team.
- (iii) Have a sound business plan and appropriate budgeting and budget control procedures.
- (iv) Have sound lending policies and procedures, including in respect of the entire credit cycle, problem loan management, write-offs of assets, credit approval authority, etc.
- (v) Have satisfactory internal control and audit procedures, including accounting principles and procedures, and financial documents, internal controls and reporting, and operational controls, confirmed by external auditors.
- (vi) Not be exposed to undue interest rate risk, as confirmed by annual audited financial statements.
- (vii) Have an internal reporting and management information system capable of providing sufficient information necessary for managing the bank's operations, performance and risks.

(b) Lease Companies

A. General Standards:

- (i) Have the legal status permitting engagement in leasing operations.
- (ii) Be in compliance with the criteria and prudential regulations specified below, and operate in accordance with the applicable laws in effect in the Republic of Uzbekistan.
- (iii) Be interested and committed to servicing the range of clients, who are the intended beneficiaries of CAMP4ASB, and ensure the capability of servicing clients in the project areas.
- (iv) Undergo an annual audit that is conducted in accordance with International Standards of Auditing by an audit company acceptable to IDA for the purposes of audit of financial institutions, with an unqualified audit opinion.
- (v) Provide financial reports at the frequency required by the supervisors under the supervision authority and arrangements set up for this purpose under the Project.

B. Financial Prudential Standards:

- (i) At all times, meet the following prudential regulations:
 - a. The leasing company's exposure to a single client will not exceed 25% of the company's net worth (the sum of its unimpaired capital, surpluses and free reserves, as determined at the close of the previous quarter);
 - b. Total commitment to any lessee shall not exceed 25% of the total assets of the lessee;

- c. No new commitments shall be made to any sector or industry where the exposure of the leasing company exceeds 25% of its outstanding lease portfolio. Exposure to a sector or industry is permissible of up to 50% of the total outstanding lease portfolio, provided the leasing company has appropriate risk management measures in place;
 - d. Income from leasing activities shall account for no less than 65% of the total revenues of the leasing company;
 - e. The average weighted life to final maturity of the leasing company's outstanding borrowings will be substantially identical to or will exceed the average weighted life of the net receivable value of its lease portfolio;
 - f. The leasing company's Long-term Debt to Equity ratio (including guarantees) shall not exceed 6:1 at any time;
 - g. Have acceptable asset quality, both on and off-balance sheet, with the bad lease portfolio not exceeding 5% of total lease portfolio, and acceptable quality management policies, procedures and skills;
 - h. In any three-month period, total maturities due and payable under all borrowings by the leasing company shall not exceed total lease receivables due and payable from its lessees unless covered by unutilized funding commitments or rollover facilities from bank loans customarily renewed on a periodic basis;
 - i. The loan loss reserve shall be formed consistent with the size and quality of the lease portfolio, however, minimum 5% of the customer leases outstanding;
 - j. The leasing company's dividend policy shall provide for a fair return to its shareholders, however, it shall provide for retained earnings and reserves at a rate that would sustain the growth of the leasing company;
 - k. Any collateral or other assets belonging to lessees acquired through enforcement proceedings in connection with leasing transactions shall be disposed off within three months after the asset takeover, however, avoiding significant price diminutions.
- (ii) Have a positive net income for the current and two immediately preceding financial years, or since the launch of the leasing company, as reflected in the financial statements audited in accordance with ISA.
 - (iii) Assets of the leasing company must be sufficiently and adequately insured in accordance with good business practices.

C. Corporate Governance and Managerial Standards:

- (i) Have a Board of Directors, responsible for setting the overall leasing company's policy and perform appropriate oversight of the leasing company's operations.
- (ii) Have a qualified and capable management team.
- (iii) Have a sound business plan and appropriate budgeting and budget control procedures.

- (iv) Have sound leasing policies and procedures, including in respect of the entire credit cycle, problem loan management, write-offs of assets, repossession procedures, credit approval authority, etc.
- (v) Have satisfactory internal control and audit procedures, including accounting principles and procedures, and financial documents, internal controls and reporting, and operational controls, confirmed by external auditors.
- (vi) Not be exposed to undue interest rate risk, as confirmed by annual audited financial statements.
- (vii) Have the necessary staff, knowledge, physical and other resources to implement the credit facility under the Project.

IV. GENERAL CONDITIONS OF THE FINANCING

8. Eligible Entrepreneurial Activities. Support from the Credit line will require the presence of elements of climate adaptation or mitigation. For example, the use of climate-resilient seeds instead of standard seeds, biological pest control instead of conventional methods, agricultural forestry with fruit and nut species on degraded slopes. Activities listed below are eligible for support. Other climate investment types could be considered with a prior approval of RRA and IDA.

- a) Improving productivity of field and horticultural crops, by crop diversification, climate-resilient seed/sapling variety and seed-system support measures adopting new and appropriate technologies:
 - Establishing low cost green houses and cold storages
 - Fodder seed (both pulses and grass) production
 - Private nurseries
 - Vineyards and orchards
 - Improved crop and tree varieties (wood lots)
 - Improved seed varieties (e.g., more tolerant to drought, pest, disease and salinity).
- b) On-farm water resource management and efficiency improvement measures
 - Drip and plastic tube irrigation
 - Land levelling
 - Planting shelter belts
 - Irrigation scheduling
 - Alternate furrow irrigation
 - Drainage rehabilitation and improvement.
- c) Land degradation control through agro-forestry and rangeland management measures
 - Infrastructure to access and use remote pastures
 - Small machinery to produce and harvest fodder
 - Rehabilitation measures for degraded areas.
- d) Pest and disease control
 - Biological controls
 - Integrated pest management (with use of bio-pesticides only).
- e) Conservation agriculture
- f) Livestock production improvements
 - Livestock farming
 - Poultry farming
 - Apiculture
- g) Agro-product processing
- h) Energy efficiency improvements (e.g., insulation, lighting, water pumps, etc.)

i) Expansion of renewable energy sources, particularly for communities in remote rural areas.

9. Financial Products. The Credit Line proceeds can be used to finance eligible entrepreneurial activities (as defined in paragraph 8) in Eligible Areas (as defined in paragraph 10). The Credit Line will finance short-, medium and long-term Sub-loans to beneficiaries on terms and conditions defined in this Guideline;

10. Eligible (Project) Area. The Eligible Area covers four regions of the country: Republic of Karakalpakstan, Bukhara, Navoiy and Khorezm regions. All Sub-projects eligible for financing under the Credit Line have to be located outside the municipal boundaries of the capitals of the project regions listed in this paragraph. They may also be located, subject to proving the necessity, in the industrial zones located within the capitals of the project regions.

11. Items ineligible for financing. Sub-loans will not be used to finance activities that involve land acquisition or resettlement of people or loss of assets or income, purchase or lease of land and buildings, dwelling construction or improvement, refinancing of any existing debts, investments in cotton production, processing or trade, production, processing and trade of tobacco and tobacco products, purchase of pesticides and investments on the negative list of environmentally-sensitive investments, are not eligible for financing from the Credit Line.

V. PRINCIPAL TERMS AND CONDITIONS OF SUBSIDIARY LOAN AGREEMENT

12. For implementation of the Climate Investment Credit Line, Subsidiary Loan Agreements (SLAs) will be signed between the Republic of Uzbekistan, RRA and PFIs. Provisions of the CLIG apply to these agreements in full. Terms and conditions of the collaboration between the Republic of Uzbekistan, RRA and PFI will be spelled out in the Subsidiary Loan Agreement.

13. Principal Amount. The principal amount of a Subsidiary Loan which shall be due and repayable by a PFI shall be equivalent, in USD and/or UZS, as the case may be, to the aggregate amount of withdrawals made by the PFI in the respective currencies from the Credit Line, in accordance with instructions in paragraph 19 below.

14. Interest Rate and Payment Terms. The funds will be available both in local currency and US Dollars. The tentatively proposed interest rate to the PFIs (to be finalized in negotiations with the Ministry of Finance and to be acceptable to the IDA) is:

(i) The interest rate for Subsidiary Loans denominated in US Dollars shall be equivalent to the base rate, which will be the prevailing interest rate at which the Borrower shall have received loan proceeds from the IDA plus a spread of not less than 2 percent set by the Borrower from time to time, and agreed to by the IDA, to compensate the Borrower for the administrative costs associated with the Subsidiary Loan;

(ii) The interest rate for Subsidiary Loans denominated in UZ Soums shall be equivalent to the base rate, which will be the prevailing interest rate at which the Borrower shall have received loan proceeds from the IDA plus a spread of not less than 7 percent set by the Borrower from time to time, and agreed to by the IDA, to compensate the Borrower for: (i) the administrative costs associated with the Subsidiary Loan; and (ii) provide a small premium to compensate for the risks associated with currency exchange.

(iii) The Republic of Uzbekistan reserves the right to revise the interest rates stipulated in sub-paragraphs (i) and (ii) of paragraph 14 with the agreement of IDA. The Republic of Uzbekistan shall inform the PFIs of the interest rate payable for the next period within 10 banking days of its determination, but no later than 5 banking days prior to the date of payment.

- (iv) The payment of interest on the Subsidiary Loan shall be made by the PFIs to the Republic of Uzbekistan semi-annually, on the Interest Payment Dates.
- (v) Calculation of interest on the Subsidiary Loan starts on the date of disbursement from the Loan Account of IDA. RRA will inform PFIs about the dates of such disbursement.
- (vi) The periods for calculation of interest and commitment fee will be the period from March 15 to September 14, and from September 15 to March 14, inclusive.
- (vii) The repayment of the subsidiary loan principal extended to the PFIs in USD, as well as payment of interest and commitment fee on the part of subsidiary loan provided in USD, will be made in USD.
- (vii) The repayment of the subsidiary loan principal extended to the PFIs in UZS, as well as payment of interest and commitment fee on the part of subsidiary loan provided in UZS, will be made in UZS.
- (ix) The payment of fines and penalties by PFIs should be carried out in UZS.
- (x) Interest, fees and principal amount are paid semiannually on March 5 and September 5. If the payment day falls on a weekend or a public holiday of the Republic of Uzbekistan, interest, fees and principal will be paid on the last business day before the day of payment.
- (xi) In case of delay in repayment of principal, interest and commitment fee, in addition to the overdue amount the PFI shall pay to Uzbekistan fine of 0.05% of the overdue amount for each day of delay.

15. Allocation of Funds from the Credit Line. Each PFI qualified for participation in the Credit Line shall receive an allocation of funds from the Credit Line based on a written request for allocation of funds submitted by the PFI to the RRA. The size of the allocation will depend on the demand-based disbursement projections made by the PFI in respect of its participation under the Credit Line. The amount of the allocation shall be stipulated in the Subsidiary Loan Agreement. Utilization from the Loan Account in line of the project will be carried out by RRA only after receiving an official request from the PFIs (Statement of expenditure for the sub-project) as well as after signing the Subsidiary Loan Agreement with the PFIs. RRA will finance the sub-projects of the PFIs no later than one month period from the date of withdrawn from the Loan Account.

16. PFI Inactivity. If a PFI has been inactive for six (6) months in disbursing the allocated funds from the Credit Line, the MOF together with RRA will analyze the situation and take the decision on remedial actions. The MOF may, by notice to the PFI, terminate the PFI's participation under the Credit Line.

17. Maximum Financing Share. The maximum amount to be made available by the Republic of Uzbekistan to each PFI out of the proceeds of the Credit Line will be equivalent to 100% of eligible Sub-loan disbursements made by the PFI.

18. Maturity of Expenditures Eligible for Refinancing. Withdrawals from the Credit Line may only be made for expenditures that have been made not earlier than 120 days prior to the date on which the RRA shall have received the withdrawal application mentioned in paragraph 19 below. For the purposes of this paragraph, the Date of Expenditure will be: (i) the date of crediting the Sub-borrower's account with the Sub-loan amount, for which the PFI seeks refinancing; or (ii) the date of approval of the Sub-loan by the PFIs' Credit Committee for not yet disbursed Sub-loans.

19. Withdrawals from the Credit Line. Periodically, as agreed between the PFI and RRA, PFIs will prepare Statements of Expenditure (SOE), in the format described in Annex 1, Pages 1 and 2. Separate SOEs shall be submitted for Sub-loan denominated in USD and UZS. SOEs shall be submitted, together with Sub-project Information Sheets (Annex 2, Forms 1, 2 and 3) and other Sub-loan related supporting documents, as requested by RRA, to RRA for review and clearance. Promptly after receipt of withdrawal applications the RRA shall review such applications and accompanying documentation paying attention to elements of climate adaptation or mitigation and social aspects. After that the RRA shall inform the PFI in writing regarding approval (Letter of Approval, Annex 4A) or rejection of the withdrawal application (Letter of Rejection, Annex 4B), consolidate the SOEs received from PFIs, and submit a request to IDA to withdraw from the Credit Line the funds eligible for withdrawal and transfer them to the account(s) of the PFI as indicated in the withdrawal application of the PFI.
20. Sub-project Information Sheet. PFIs will prepare for each approved Sub-project an Information Sheet (in the format described in Annex 2, Forms 1, 2 and 3) and submit one copy to the RRA together with the PFI's request for withdrawal of funds from the Credit Line (as described in paragraph 19 above). One copy of the Sub-project Information Sheet will be kept in the Project File in PFI's head office, one copy will be filed in the beneficiary's document file kept in the PFI branch office responsible for servicing the Sub-loan, and one copy will be retained by RRA.
21. PFI Authority in Sub-loan Approval. PFIs are responsible for identifying prospective Sub-borrowers, determining the type of Sub-project to be financed, and assessing of the conformity with the eligibility criteria of the proposed activities and that of the Sub-loan/Lease beneficiaries as described in the Subsidiary Loan Agreements and these Guidelines. The PFIs will have full autonomy in Sub-loan approval, and they will bear full lending risks. The PFIs shall inform the potential sub-borrowers of the PFI's decision to approve or reject the Sub-loan within 30 banking days of the submission of the Sub-loan application and full package of supporting documents by the potential sub-borrower to the PFI.
22. Approval Procedures for Sub-loans above the Free Limit. Without limitations to the provisions in paragraph 21, Sub-project proposals shall have to be submitted, through RRA, to IDA for a prior review in the following cases:
- (i) by each qualified PFI, first three Sub-project proposals, irrespective of the amount of the proposed Sub-loan;
 - (ii) any Sub-loan in an amount exceeding USD 150,000 equivalent.
23. For the purpose of provisions of paragraph 22 above, PFIs will furnish to RRA for review and submission to IDA, information on the Sub-project proposed for financing according to requirements detailed in Annex 3, which will include (i) a description of the Sub-borrower including financial information, (ii) information on the appraisal of the Sub-project, including a detailed description of the expenditures proposed to be financed out of the proceeds of the Credit Line, (iii) the proposed terms and conditions of the Sub-loan, and (iv) any other information that the PFI considers useful for the review of the Sub-project proposal. In addition, PFIs will furnish to RRA for review and submission to IDA information on procurement and environmental aspects of the project. RRA and IDA reserve the right to request the PFI to furnish additional explanations and clarifications in case the information provided is not adequate for decision-making. In addition, from time to time, PFIs may be required, as per IDA's request, to prepare and submit for IDA's post-review, information on Sub-loans, which are not subject to the prior review in the format prescribed in Annex 3 of the CLIG.

24. Repayment Terms of the Subsidiary Loan Principal. The principal amount of the Subsidiary Loan shall be repaid by PFIs over a period of 20 (twenty) years, inclusive of a 5 (five) year grace period. The repayment of the Subsidiary Loan principal shall be made by the PFIs to the MOF semi-annually, in straight-line amortization method of repayment upon expiration of the grace period indicated in this paragraph. The repayment will take place on the same dates as stipulated in paragraph 14(xi) above, in accordance with a detailed amortization schedule that will be furnished to the PFIs by the Republic of Uzbekistan before the expiration of the grace period.

25. Utilization of reflows. Any amount of principal repaid by Sub-borrowers on account of Sub-loans made under the Credit Line, which is not immediately needed for repayment of the Subsidiary Loan to MOF, shall be kept by PFIs in separate Revolving Accounts (separate accounts for each currency). The funds accumulating in these Revolving Accounts should be utilized by PFIs to finance additional Sub-projects aimed at pursuing the objectives of the Project, and which conform to the agreed terms, conditions and eligibility criteria for the Project as detailed in the Subsidiary Loan Agreements and these Guidelines. The PFIs shall use the funds accumulating in the Revolving Accounts for eligible Sub-loans within three (3) months of receiving payments from Sub-borrowers. The status of utilization of the Revolving Accounts will be monitored by RRA at the end of every calendar quarter on the basis of information provided by the PFIs. Information on the Revolving Account balance at the end of each quarter and information (in the format attached as Annex 2/Form 1 to these Regulations) on the Sub-loans made from these funds will be part of the quarterly progress reports.

26. Accounts. The Republic of Uzbekistan through the MOF and the PFIs will maintain separate Subsidiary Loan accounts for the portions of the Credit Line withdrawn by the PFIs in the respective currencies (USD or UZS).

VI. ELIGIBILITY CRITERIA, APPROVAL PROCEDURES AND PRINCIPAL TERMS AND CONDITIONS OF SUB-LOANS

27. The Credit Line, according to paragraph 8 above, will provide access to Sub-loans to the private farmers, rural businesses, resource user groups and agribusinesses, and finance a wide range of agricultural activities in rural areas. The focus of the Credit Line are Sub-borrowers whose businesses are registered in rural areas, i.e., outside the municipal boundaries of oblast centres. However, financing of Sub-borrowers registered in oblast centres but with business activities (sub-projects) outside the municipal boundaries of the oblast centres will also be eligible for financing from the Credit Line. In addition, provided satisfactory justification is ensured, investments located in the industrial zones located within administrative boundaries of regional capitals may also be eligible.

28. Lending Products. Investment Sub-loans will provide access to investment capital for a wide range of needs for farmers, agribusinesses, resource user groups and rural businesses, including but not limited to: investments in agricultural machinery and food processing equipment, investments in packaging, provision of agricultural services, agricultural production, and other long-term productive assets (in accordance with paragraph 8). Working capital Sub-loans will finance agricultural inputs (such as seeds and fertilizer), and other eligible expenses.

29. Consulting costs related to preparation of a Business Plan and an Environmental Impact Assessment for the particular sub-project will be eligible for financing from the Credit Line.

30. Maximum Sub-loan Amount. The maximum cumulative outstanding amount (maximum exposure), aggregate of all Sub-loans from the Credit Line, to a single borrower shall not exceed USD

500 000 equivalent. Including, the maximum amount of a working capital Sub-loan shall not exceed USD 50,000 equivalent.

31. PFI Co-financing. The PFIs will be able to co-finance such Sub-loans from own sources in the amount not exceeding 25% of the total cumulative amount disbursed from the Credit Line to the Sub-borrower.

32. Sub-borrower Contribution. The Sub-borrowers will have to finance, (from their own resources, in cash or in kind, no less than 20% co-financing of the total sub-project (investment) cost.

33. Criteria for Selection and Appraisal of Sub-projects. Sub-loans shall be made for Sub-projects, supported by sound business plans. The size of the business plan should be commensurate with the size of the Sub-loans, i.e., smaller loans will have simpler business plans. The business plans should demonstrate the technical and financial viability of the proposed economic activity, satisfactory cash flows and loan repayment capacity.

34. The PFIs will carry out the detailed Sub-project appraisal based on their internal procedures for such appraisal, including their internal requirements for collateral. However, the following aspects of the proposed Sub-project should be covered by the PFI appraisal as a minimum:

- (i) technical feasibility and financial and commercial viability of the proposed Sub-project, including:
 - a. the rate of return on the proposed investment should be, at minimum, equivalent to the interest rate on the Sub-loan;
 - b. the Debt Service Coverage (DSC) Ratio (the formula is indicated in Annex 3) should be minimum of 1.3, calculated annually, on the basis of the Sub-borrower's total debts;
- (ii) an evaluation of the borrower's ownership structure, financial position, and creditworthiness, operational success, organization and management structure;
- (iii) assurance that the Sub-borrower has the technical staff, know-how and all other resources available for successful implementation of the Sub-project;
- (iv) compliance with the relevant health and safety standards, and other laws and regulations (including any applicable national and international law and regulation on forced and child labor) in effect in the Republic of Uzbekistan;
- (v) compliance with the environmental and procurement guidelines of IDA in effect at the time of the Sub-project appraisal (Sections IX and X of these Guidelines).

35. Additional Eligibility Criteria for Leases:

- (a) the leasing arrangement should be a full pay-out financial lease, based on the recovery of the total cost over the lease period;
- (b) the lessee shall be responsible for all maintenance, taxes, insurance, and other related expenses.

36. Choice of Currency of Sub-loans. Sub-loans to beneficiaries would be denominated and repayable in either USD or UZS, as determined by each Sub-borrower at the time of application for a Sub-loan with the PFI.

37. Interest Rates of Sub-loans. PFIs will be free to set their on-lending rates on Sub-loan based on their banking considerations. Interest shall be charged by a PFI at the prevailing interest rate under the Subsidiary Loan Agreement with the PFI, plus a market-based spread determined by the PFI.

38. Repayment Terms of Sub-loans. Repayment schedules of Sub-loans financed under the Credit Line should be based on the type of investment financed and the projected cash-flows, and may include a grace period as and when required and of such magnitude as can be reasonably justified. Specifically, the repayment period for investment Sub-loans shall not exceed the depreciation period of the investment financed or a maximum period of 7 (seven) years, whichever is shorter. The grace period shall not exceed a maximum of 3 (three) years. Maturity of working capital Sub-loans should not exceed 24 months, with the grace period of up to 6 (six) months.

39. Only new equipment or other goods will be eligible for financing under the Credit Line.

40. Disbursement of Credit Line Funds. Disbursement of the proceeds of the Sub-loans shall be made by a direct transfer from the sub-borrower's account with the PFI to the supplier's account against documents (invoices, bills, etc.) confirming the purchase.

41. Tranche Disbursements. For Sub-projects implemented in stages, such as piece-by-piece purchase of equipment or machinery, or construction/reconstruction of production facilities in stages, the PFI will approve the entire amount of Sub-loan, but disburse the Sub-loan proceeds to the sub-borrower in tranches, based on the sub-borrower's procurement schedule, during a commitment period set forth in the PFIs' internal lending guidelines.

42. Except for cases of refinancing (i.e., the Sub-loan has already been disbursed to the Sub-borrower), the funds of the Credit Line shall be disbursed by the PFI into the Sub-borrower's Loan account with the PFI no later than within 3 (three) banking days after receipt of such funds. Appropriate confirmation of such transaction should be filed in the Sub-borrower's loan file.

43. Insurance. For assets purchased under the Credit Line and pledged as collateral, the Sub-borrower shall take out and maintain such insurance, against such risks and in such amounts, as considered consistent with sound business practices, including insurance to cover hazards incidental to the acquisition, transportation and delivery of goods financed out of the proceeds of the Sub-loan to the place of use or installation. Any indemnity thereunder shall be made payable to the Sub-borrower to replace or repair the goods mentioned above.

44. All Sub-loans agreements signed between PFI and Sub-borrowers shall include, inter alia, the following provisions to protect PFI's interest and those of the Republic of Uzbekistan and IDA (a sample Sub-loan Agreement³ is attached as Annex 6 to these Guidelines):

(i) Sub-borrowers shall be required to:

³ The PFIs are free to use their own sub-loan formats, however, the provisions stipulated in this sample agreement have to be, as a minimum, provided for in the sub-loan agreements signed between the PFI and the sub-borrower.

- a. Carry out the Sub-project with due diligence and efficiency and in conformity with appropriate technical, economical, financial, environmental and commercial practices, satisfactory to IDA, and the national labor legislation as well as any applicable national and international law and regulation on forced and child labor (as per paragraph 61);
 - b. Comply with provisions of paragraph 62;
 - c. Provide, promptly as needed, the funds, facilities and other resources required for the purpose;
 - d. Procure the goods and works to be financed out of the proceeds of the Sub-loans, in accordance with instructions of the PFI and in compliance with the Procurement Guidelines specified in Section X of current Guidelines, and use such goods and works exclusively in the carrying out of the Sub-project;
 - e. Maintain adequate financial records, including in a manner adequate to reflect the operations, resources and expenditures related to the Sub-project;
 - f. At the IDA request, have such financial statements audited by independent auditors acceptable to the IDA, in accordance with consistently applied auditing standards acceptable to the IDA, and promptly furnish the statements as so audited to the Borrower and the IDA;
 - g. Permit the PFI's authorized representatives, by themselves or jointly with representatives of IDA and RRA, to inspect the goods and the sites, works, plans and construction included in the Sub-project, the operation thereof and any relevant documents and records;
 - h. Provide the PFI, RRA or IDA with all such information, as shall be reasonably requested, relating to the foregoing and to the administration, operation and financial condition of the Sub-borrower and to the benefits to be derived from the Sub-project.
- (ii) PFI shall preserve its right to terminate the right of the Sub-borrower to the use of the proceeds of the Sub-loan upon failure by the Sub-borrower to perform its obligations under the Sub-loan agreement with the PFI.

VII. ACCOUNTING AND REPORTING IN PFIs

45. Accounts and Record-keeping. PFIs have to establish in their accounting systems appropriate accounting codes to permit identification of Sub-loans made under the Credit Line. Separate codes should be introduced for Sub-loans to the currency of denomination. PFIs will retain, until at least one year after IDA has received the audit report for the fiscal year in which the last withdrawal from the Credit Line account was made, all records pertaining to the Subsidiary Loan, Sub-loans made by each PFI, including accounts, contracts, orders, invoices, bills, receipts and other documents evidencing Sub-loans.

46. Reporting. In addition to the information to be furnished to the RRA in accordance with paragraphs 19, 20, 23 and 25, PFIs will be required to submit to the RRA periodic Progress Reports in accordance with uniform reporting formats and in frequency that will be prescribed by RRA and agreed by IDA. The accounting codes established under paragraph 45 above will facilitate the preparation of the financial information required for the Progress Reports and other reports, and for the monitoring of lending operations financed from the Credit Line.

VIII. AUDIT

47. Audit. The accounts and any additional records to be maintained by the PFIs should be adequate to reflect, in accordance with sound accounting practices, the operations, resources and expenditures in respect of the Credit Line operations under the Project.

48. The PFIs shall have their financial statements (balance sheets, statements of income and expenses and related statements) for each fiscal year audited, in accordance with International Standards of Auditing, by independent auditors acceptable to IDA. Certified copies of the audited financial statements and the Management Letter should be furnished to IDA and RRA as soon as available, but in any case not later than six months after the end of each fiscal year. The PFIs will also furnish to IDA and RRA such other information concerning said records, accounts and financial statements, as well as the audit thereof, as IDA or RRA shall from time to time reasonably request.

49. As part of the regular audit report, the PFIs will be required to submit information on key indicators as stipulated in the Article 6.01 of the Subsidiary Loan Agreement.

IX. ENVIRONMENTAL STANDARDS

50. Environmental Review Procedure. In general, each Sub-loan proposal financed from the Credit Line will undergo an environmental review procedure, as follows:

- (i) Sub-borrowers will be required to identify possible environmental impacts of proposed activities, and identify and agree to undertake mitigation measures, if appropriate. The credit applicants are also responsible for obtaining appropriate permits and approvals that may be required for the particular type of activity to be financed, and are issued by the local authorities responsible for environmental issues. In all cases where an environmental assessment report (EA) or environmental monitoring plan (EMP) are required, these are to be prepared by the credit applicants and, where relevant, submitted to the Goskompriroda (or its Agents), and the EA report and EMPs are to be provided with the credit application.
- (ii) PFIs will screen the applications including for environmental impacts, ensuring required permits have been obtained. Criteria and check lists for screening are provided in Annex 5 of these Regulations. The PFIs will also request RRA to carry out field site visits for on-site environmental screening (specifically, for sub-projects classified as category B) to verify the environmental data provided by applicants, assist in identification of mitigation measures, and confirm that the environmental category is appropriate and that the EMP is adequate.
- (iii) RRA responsibilities in respect of the Environmental Reviews are stipulated in Section XII of these Regulations.

51. Sub-project Categories. The environmental category of all Sub-loans will be determined using the Environmental Category Table attached in Annex 5, Form 1. After the establishment of the environmental category of the sub-project, the following provisions will apply:

- (i) Sub-projects assessed as **Category A** (high environmental risks) will not be financed by the Project.
- (ii) Sub-projects assessed as **Category B** (moderate environmental risks) may be financed by the Project, after the RRA Environmental Officer has carried out a separate assessment of the potential

environmental impact prior to the appraisal of the Sub-loans. These Sub-loans are expected to require a basic EA and mitigation and monitoring arrangements (detailed in the EMP).

- (iii) Sub-projects assessed as **Category C** (sub-projects having no significant environmental issues) may be financed by the project and no further EA action is required.

52. Environmental Procedures for **Category C** sub-projects:

- (i) The Sub-borrower shall prepare the Environmental Data Sheet (Annex 2, Form 3).
- (ii) The loan officer of the PFI will:
 - a. assign the environmental category in accordance with Annex 5, Form 1;
 - b. fill in the Sub-loan Environmental Screening Checklist (Annex 5, Form 2);
 - c. fill out the respective table attached in Annex 5, Form 3 - during the visit to the sub-borrower's business site;
 - d. ensure that all required permits have been obtained by the Sub-borrower and are valid.
- (iii) In case of questions regarding environmental impact or appropriate category, the PFI shall contact the environmental specialist of the RRA for advice and assistance.

53. Environmental procedures for **Category B** sub-projects. The procedures described in paragraph 52 above will have to be carried out for all sub-projects by the Sub-borrower and the PFI, respectively. **In addition** to the procedures set forth in paragraph 52, for Category B sub-projects, after the Sub-loan package has been submitted by the PFI to RRA but prior to approval of the Sub-loan by RRA, the RRA's environmental specialist will visit the Sub-borrower and the sub-project site to conduct a simple Environmental Assessment and identify appropriate mitigation measures, filling up a special form (see Annex 7). The mitigation measures will be agreed with the sub-borrower for implementation. The RRA environmental specialist's report and the agreed mitigation measures will be filed in the sub-borrower's loan file and a copy maintained in the RRA files. The agreed mitigation measures will be recorded in the Sub-loan Agreement between the PFI and the sub-borrower. Implementation of the mitigation measures will be monitored by the PFI as described in paragraph 55 below.

54. Environmental Impact Assessment (EIA). In cases when the RRA visit or initial screening reveals high or significant risks, the applicant will be required to prepare a full EIA and environmental management plan. A generic TORs for the study is presented in the Annex 6. For small scale construction or reconstruction activities the project beneficiaries can apply the EMP Checklist (See Annex 8) In the case the subproject involve Pest Management issues it should be prepared a special Pest Management Plan, - the template for such document is presented in the Annex 14. The cost of consultant services for preparation of the EIA can be included in the credit amount.

55. Environmental Monitoring. During the sub-project monitoring, the PFI will verify that the environmental mitigation measures are implemented. In the case of non-compliance, the PFI (with assistance of RRA environmental consultant as needed) will investigate the nature and reason(s) for noncompliance, and a decision is taken about what is needed to bring a sub-project into compliance, or whether financing should be suspended.

56. Social Review Procedure of Sub-projects Involving New Construction. No sub-project should be approved for financing under the project if the land on which the sub-project will be implemented is formally or informally occupied or used by third parties, where implementation of the sub-project would result in their

displacement. In particular, in cases of construction of new buildings or establishment of perennial plantations (such as orchards), a pre-approval site inspection by the PFI and RRA staff must verify that the site is unencumbered by formal or informal use and reflect this in the Environmental Assessment Form (Annex 5/Form 2). Where necessary, the PFI should consult with neighbors and other informed parties to verify that the site is conflict free.

X. PROCUREMENT

57. Items estimated to cost less than US\$500 000 equivalent per contract and to be financed under Sub-loans made for Sub-projects from the Credit Line, may be procured in accordance with commercial practices acceptable to IDA according to procedures set forth in paragraphs 59 and 60 below.

58. Items estimated to cost US\$500 000 and more in equivalent per contract and to be financed under Sub-loans made for Sub-projects from the Credit Line, shall be procured using competitive procedures (International Competitive Bidding or National Competitive Bidding) acceptable to IDA and agreed with the RRA. The PFI shall contact RRA for guidance in all matters related to procurement of items under contracts US\$500,000 and more in equivalent per contract.

59. Each Sub-borrower will be required to submit a form attached as Annex 2/Form 2 to these Regulations describing the offers obtained from suppliers for procurement of assets with the Sub-loan proceeds. The number of offers shall not be less than three.

60. Full documentation, including suppliers' offers, bid evaluation, original invoices etc., shall be kept in the Sub-borrower's document file maintained by the PFI, and be made available for review by the RRA, IDA representatives and PFI auditors.

XI. OTHER SAFEGUARDS

61. Use of Child and/or Forced Labor.

(i) The PFIs and the RRA shall monitor use of child and/or forced labor during the monitoring visits to the sub-borrowers. Upon the detection of the use of child and/or forced labor, the sub-borrower will be disqualified from borrowing from the Credit Line and must return the all amount of received Sub-loan to the RRA.

(ii) The Credit Line, as part of the overall project also participates in the Third Party Monitoring (TPM) and Feedback Mechanism (FBM) set up by the World Bank to focus on issues of child and forced adult labor. The RRA will timely inform the PFIs of any actions required by the PFIs or Sub-borrowers to meet the requirements of the TPM/FBM.

62. Anti-Corruption Guidelines. All parties mentioned in these CLIG should comply with the applicable Anti-Corruption Guidelines, including:

- immediately report to the IDA any allegations of fraud and corruption in connection with the use of loan proceeds that come to its attention;
- cooperate fully with representatives of the IDA in any investigation into allegations of fraud and corruption in connection with the use of loan proceeds;

- take all appropriate measures to prevent corrupt⁴, fraudulent⁵, collusive⁶, coercive⁷ and obstructive⁸ practices by its representatives (if any) in connection with the use of loan proceeds, including (but not limited to): (i) adopting appropriate fiduciary and administrative practices and institutional arrangements to ensure that the proceeds of the loan are used only for the purposes for which the loan was granted, and (ii) ensuring that all its representatives receive a copy of these Guidelines and are made aware of its contents;

- in the event that any representative of such recipient is declared ineligible, take all necessary and appropriate action to give full effect to such declaration by, among other things, either removing such representative from all duties and responsibilities in connection with the project or, when requested by the IDA or otherwise appropriate, terminating its contractual relationship with such representative; and

- in the event that it has entered into a project-related agreement with another person or entity which is declared ineligible, take all necessary and appropriate action to give full effect to such declaration by, among other things, (i) exercising its right to terminate early or suspend such agreement and/or (ii) seeking restitution.

XII. RRA FUNCTIONS UNDER THE CREDIT LINE

63. On behalf of the Borrower and in full coordination with MOF, RRA will have day to day responsibility for overseeing and monitoring the implementation of the Credit Line activities. Specifically, RRA, under the supervision of the MOF, will be responsible for:

- (i) serving as the focal point for the PFIs for information, explanation and assistance requests; organizing roundtables and seminars for the PFIs to provide explanations and information sessions;
- (ii) monitoring compliance by PFIs with terms and conditions of the Subsidiary loan agreements and current Guidelines;
- (iii) upon receipt of SOEs, reviewing the compliance of Sub-loans with the provisions of current Guidelines, consolidating the withdrawal applications received from PFIs, preparing the SOEs for submission to IDA, ensuring that funds are channelled to PFIs, and maintaining of adequate records;
- (iv) submitting to IDA for prior review and approval: (a) the first three compliant Sub-project proposals of a PFI regardless of the amount, and (b) any proposed Sub-loan exceeding 150 000 USD;
- (v) transfer the financing for the approved sub-projects to the PFIs;

⁴ A “corrupt practice” is the offering, giving, receiving or soliciting, directly or indirectly, of anything of value to influence improperly the actions of another party.

⁵ A “fraudulent practice” is any act or omission, including a misrepresentation, that knowingly or recklessly misleads, or attempts to mislead, a party to obtain a financial or other benefit or to avoid an obligation.

⁶ A “collusive practice” is an arrangement between two or more parties designed to achieve an improper purpose, including influencing improperly the actions of another party.

⁷ A “coercive practice” is impairing or harming, or threatening to impair or harm, directly or indirectly, any party or the property of the party to influence improperly the actions of a party.

⁸ An “obstructive practice” is (i) deliberately destroying, falsifying, altering or concealing of evidence material to the investigation or making false statements to investigators in order to materially impede a Bank investigation into allegations of a corrupt, fraudulent, coercive or collusive practice; and/or threatening, harassing or intimidating any party to prevent it from disclosing its knowledge of matters relevant to the investigation or from pursuing the investigation, or (ii) acts intended to materially impede the exercise of the Bank’s contractual rights of audit or access to information

- (vi) ensuring that information on all financial transactions related to the Subsidiary Loans of PFIs is submitted to and processed by MOF in accordance with procedures prescribed by MOF and agreed between MOF and the RRA;
- (vii) transferring the funds of the Subsidiary Loan to the PFI accounts;
- (viii) verifying the Revolving Account balances with the PFIs at the end of each calendar quarter;
- (ix) ensuring compliance with audit requirements, in coordination with MOF and the PFIs;
- (x) monitoring compliance with EMP under the sub-projects and the cumulative impacts on the environment by the sub-projects, providing advice on specific issues that may arise including EA/EMP preparation assistance to category B sub-projects through site visits, and providing training on environmental due diligence to PFIs;
- (xi) carrying out on-site monitoring visits to the beneficiaries and Sub-loan file reviews to ensure full necessary documentation is kept in the Sub-loan files in the PFIs;
- (xii) advising and informing PFIs, as well as monitoring of the implementation, of the requirements to ensure compliance with provisions related to TPM/FBM;
- (xiii) providing guidance to the PFIs in all matters related to procurement of items under contracts USD 500 000 and more in equivalent per contract;
- (xiv) for the purpose of component monitoring and evaluation, preparation of quarterly progress reports on the Credit Line;
- (xv) provision to MOF and IDA of any information on the above activities according to agreed reporting formats and requirements;
- (xvi) participation in qualification and monitoring of the PFIs;
- (xvii) serving as the liaison with other project components;
- (xviii) liaising with the regional focal points on all issues related to the Sub-loans provided from the Credit Line.

ANNEXES TO THE CREDIT LINE INVESTMENT GUIDELINES

Annex 1: Statements of Expenditures for Sub-loans

Annex 2: Sub-project Information Sheet

Annex 3: Project Summary Report

Annex 4A: Letter of Approval

Annex 4B: Letter of Rejection

Annex 5: Environmental Review Forms

Annex 6: Terms of Reference for an Environmental Assessment,

Annex 7: Field Inspection Checklist

Annex 8: Environmental Management Plan Checklist

Annex 9: Sample Sub-loan Agreement Form for Beneficiaries

Annex 10: List of Documents for Loan Application to PFI

Annex 11: PFI Quarterly Report Form,

Annex 12: Sub-Project Monitoring Form

Annex 13: List of Documents to be maintained at the Sub-Borrower File at the PFI

Annex 14: Pest Management Plan

STATEMENT OF EXPENDITURES FOR SUB-LOANS

Statements of Expenditures (SOE) shall be submitted to RRA for review and approval, together with the Sub-project Information Sheet and/or Project Summary Report (as described in paragraphs 19 and 20) at the frequency described in paragraph 19 of the main text of the Credit Line Investment Guidelines (the "Guidelines" or "CLIG").

A sample format of the SOE has been enclosed as page 2 of this Attachment.

Explanatory Notes:

- Column 8 will show the amount disbursed and withdrawn previously. In the first application the amount shown in this column will be zero.
- The total of column 11 will represent the amount requested by this SOE.

The SOE table will be accompanied by the following Letter to be signed by the authorized representatives of the PFI:

"We hereby apply for the withdrawal under the Subsidiary Loan Agreement dated _____ in the amount of _____, as shown in the attached SOE, and hereby certify and agree as follows:

- A. The PFI has not previously withdrawn from the Credit Line to meet these expenditures and has not and does not intend to obtain funds for this purpose out of the proceeds of any other source;
- B. The goods and services covered by this application have been or are being purchased in accordance with the terms of the Subsidiary Loan Agreement, the Guidelines, and in full compliance with the Procurement and Environmental provisions specified in the Guidelines;
- C. The expenditures have been made or are being made only for goods or services from eligible sources, as defined in the World Bank Procurement Guidelines;
- D. All documentation authenticating these expenditures will be made available for review by RRA, the Republic of Uzbekistan, external auditors and IDA missions upon request. "

Signed _____ PFI

Date: _____

REPUBLIC OF UZBEKISTAN
CLIMATE ADAPTATION AND MITIGATION PROGRAM FOR ARAL SEA BASIN
STATEMENT OF EXPENDITURES
(To be submitted by PFIs to RRA)

PFI _____
Statement No _____
Amount in USD/UZS _____
Period: from _____ to _____

No	Region	Purpose	Name of Sub-borrower	Sub-loan number	Date of Sub-loan Agreement	Amount of Sub-loan	Actual amount disbursed in the previous Periods	Disbursed during the accounting period	% eligible for refinancing	Amount eligible for refinancing	Undisbursed Sub-loan balance
1	2	3	4	5	6	7	8	9	10	11	12 = 7 – 8 – 9
Total:								Total:			

Date: _____
Signature: _____

REPUBLIC OF UZBEKISTAN
CLIMATE ADAPTATION AND MITIGATION PROGRAM FOR ARAL SEA BASIN
(To be completed by the PFI)

Name of PFI _____

SUB-PROJECT INFORMATION SHEET

1. Branch Code _____ and Location _____
2. Sub-borrower ID Number _____
3. Sub-borrower Name and Address _____
4. Legal Status of Sub-borrower _____
5. Brief Description of Sub-Project (including, the specifics of the climate adaptation/mitigation component) _____
6. Project Location _____
7. Estimated Sub-project Cost _____
8. Borrowers Contribution: Type and Amount _____
9. Amount of Sub-loan and Currency _____
10. Utilization of Sub-loan (by items)

Project Costs (Itemized list)	Owners' Financing	CAMP4ASB Financing	Total Cost
TOTAL			
Percent of Total:	%	%	100%

(Add rows as necessary to provide adequate detail)

10. Date of Approval of Sub-loan (by PFI) _____
11. Number and Date of Sub-loan Agreement _____
12. Interest Rate _____
13. Other Charges and Fees _____
14. Repayment terms of Sub-loan _____
15. Procurement Method Used _____
16. Environmental Category: _____; EA required: Yes / No
17. Number of beneficiaries: _____
18. Number of women-beneficiaries: _____
19. Number of hectares supported: _____

Signature: _____ PFI Authorized Representative(s)

Date: _____

REPUBLIC OF UZBEKISTAN
CLIMATE ADAPTATION AND MITIGATION PROGRAM FOR ARAL SEA BASIN
PROCUREMENT COMPARISON FORM
(To be completed by credit applicant)

1. Procurement Method: Local Commercial Practice
2. Borrower: _____
3. Items to be procured: _____
4. Estimated Value of Items: _____
(each item separately)
5. Number of suppliers contacted: _____
(each item separately)
6. Number of suppliers who responded: _____
(each item separately)

7. Suppliers (for each item separately):

No.	Name of the Supplier	Date of Receiving Offer	Price
1.			
2.			
3.			

8. Ranking of the Suppliers based on the price offer:

No.	Name of the Supplier	Price
1.		
2.		
3.		

9. Offers not in compliance with the terms of the tender:

<u>Supplier</u>	<u>Explanation of Non-compliance</u>
-----------------	--------------------------------------

10. Name of the selected Supplier: _____
11. Contract Price: _____
12. Contract award date: _____
13. Complaints received from other bidders in the process (if any): _____

Signature of the Sub-borrower: _____

Date: _____

REPUBLIC OF UZBEKISTAN
CLIMATE ADAPTATION AND MITIGATION PROGRAM FOR ARAL SEA BASIN
SUB-LOAN ENVIRONMENTAL DATA SHEET
(To be completed by credit applicant)

1. Sub-project name:

2. Brief Description of Sub-project:

2.1 Nature of the Borrower's activity:

2.2 Itemized detailed description of the goods/works/services to be financed from the sub-loan (item, volume, price):

2.3 Site area (# of hectares) and location:

2.4 Property ownership: _____

2.5 Existence of ongoing operations? (yes/no)

2.6 Plans for Expansion? _____

2.7 New construction? _____

COVER MEMO

REPUBLIC OF UZBEKISTAN
CLIMATE ADAPTATION AND MITIGATION PROGRAM FOR ARAL SEA BASIN
PRIOR REVIEW OF SUB-LOANS BY IDA

Date:

TO: (TASK MANAGER)

FROM: (PFI)

Re: Name of Sub-borrower

Loan amount: (UZS/US\$)

Please find enclosed a Project Summary Sheet for a _____

_____ (insert a brief description of the Sub-project) which is being submitted for IDA's prior review as required under the Subsidiary Loan Agreement and the Credit Line Investment Guidelines.

The PFI hereby certifies that it has conducted appropriate due diligence and analysis, and has approved this Sub-loan in accordance with its policies and procedures, and having done so, assumes all credit risk.

The PFI hereby certifies that the information is accurate and complete, that no material information is withheld, and that the terms and loan structure will be reflected in the final loan/lease documents.

(signature, designated PFI representative)

1. Project/sub-Loan No.: 2. Branch code and location: 3. Date of Receipt of Loan Application: 4. Date of Approval by PFI: 5. Loan Agreement Signed: 6. Name of Responsible Loan Officer:	
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PROJECT SUMMARY SHEET

1. INFORMATION ON THE SUB-BORROWER

- 1.1 Legal Name and address (tel /fax , if available, contact person)
 1.2 Legal Status, Registration Number and Year
 1.3 Ownership Structure of Borrower:

Legal Type	Owners' Name	% Ownership

- 1.4 Current activities of the enterprise; years in operation

Product or Activity	As % of Enterprise's Total Revenues

2. INFORMATION RELATED TO THE PROJECT AND SUB-LOAN/LEASE

- 2.1 Description of the Project and Purpose of the sub-loan (including description of availability of the necessary resources; and well a clear description of the climate adaptation and/or mitigation component of the sub-project)
 2.2 Description how the project relates to prior business activities (e.g., expansion, rehabilitation, new product or service. If company is new, describe relevant experience of owners)
 2.3 Marketing Strategy (target customers, signed contracts; assessment of competitors; overall market size and growth prospects)
 2.4 Project Costs and Sources of Funds:

Project Costs (Itemized list)	Owners' Financing	CAMP4ASB Financing (amount, currency)	Total Cost
TOTAL			
Percent of Total:	%	%	100%

(Add rows as necessary to provide adequate detail)

- 2.4.a. Indicate whether the Owners' Contributions are in cash, in-kind (e.g., building materials, personal labor, etc)
 2.5 Procurement Contracts (for each item in 2.4, financed with CAMP4ASB funds, indicate manufacturer, source, procurement method (local commercial practice), describe the decision why chose)
 2.6 Compliance with Environmental Guidelines: Does the project affect the environment? What permits or licenses are required, and are they obtained?

3. STRUCTURE OF THE SUB-LOAN

- 3.1 Term of Sub-loan (total repayment period (months/years), grace period (months));
- 3.2 Down-payment (for Leases)
- 3.3 Repayment schedule (First principal payment starts on (date) and the last payment on (date); schedule of interest payments if different from principal)
- 3.4 Interest rate (% per annum)
- 3.5 Fees (commission for application review, disbursement of funds, etc)
- 3.6 Collateral (list type of assets, location, owner, value – according to the PFI's estimate; indicate the total value of assets pledged; calculate the value-to-loan ratio)
- 3.7 Other security (if applicable)

4. SUMMARY OF FINANCIAL DATA

- 4.1 Financial Statements: attach the last fiscal year-end financial statements, dated:
- 4.2 Attach Detailed Cash Flow Projections: Explain what are the assumptions used in determining the projected sales, and explain other major assumptions used in the projections. Who prepared the projections? Describe what assistance the Sub-borrower has received.
- 4.3 Financial Summary Chart ('000, Currency):

Year	(last fiscal year)	(current fiscal year)	(next year 1 projections)	(next year 2 projections)
Profit and Loss Account				
Total revenues				
Net profit (loss) after tax				
Income taxes				
Balance sheet				
Total assets				
- Fixed assets				
- Current assets				
Total Equity & Liabilities				
- Equity				
- Reserves and Retained Earnings				
- Long term debt				
- Short term debt				
Key ratio calculations				
Depreciation Expense				
Interest Expense				
Principal Payments				
Dividends				
- Debt-service-coverage ratio ¹				
- Internal Rate of Return (IRR)				
Total Debt / Total Equity				

Notes:

1 Debt Service Ratio (DSR) Calculation for Investment Loans:

$$\text{DSR} = \frac{\text{net income} + \text{depreciation} + \text{interest}}{\text{dividends}}$$

((all long-term principal payments due in the current year) + interest on all outstanding debts)

4.4 Major Existing Creditors

Major Existing Creditors	Amount and Currency	Maturity Date

REPUBLIC OF UZBEKISTAN
CLIMATE ADAPTATION AND MITIGATION PROGRAM FOR ARAL SEA BASIN
LETTER OF APPROVAL No. ____

Mr. _____
 (Name of the authorised person in the PFI)

 (Name of the PFI; Address)

Dear Sir/Madame,

In response to your application for withdrawal of funds No __, dated ____, we hereby confirm the approval by the Rural Restructuring Agency of the financing for the following eligible sub-project(s):

Name of Sub-borrower	Sub-loan (amount, currency)

in the total amount of _____ (UZS or USD).

In accordance with the provisions of paragraph 14 of the Credit Line Investment Guidelines, the current applicable interest rate on the Subsidiary Loan in [currency] is set at ____%.

Signature of the authorised person _____

Date _____

REPUBLIC OF UZBEKISTAN
CLIMATE ADAPTATION AND MITIGATION PROGRAM FOR ARAL SEA BASIN
LETTER OF REJECTION No ____

Mr. _____
 (Name of the authorised person in the PFI)

 (Name of the PFI; Address)

Dear Sir/Madame,

In response to your withdrawal application No ____, dated _____, we regret to inform you that the Rural Restructuring Agency is unable to approve the following sub-loans:

Name of Sub-borrower	Sub-loan (amount, currency)	Reason for Rejection

Signature of the authorised persons _____

Date _____

ENVIRONMENTAL FORMATS
SUB-PROJECT CLASSIFICATION TABLE

Category A Sub-Projects	Category B Sub-Projects	Category C Sub- Projects
<i>Agriculture and Rangeland (large scale)</i> - Agriculture, horticulture, rangeland, vineyards and orchards (medium scale intensive operations >500 ha) - Re-cultivation of resting land (greater than 1000 hectares); - Utilization of agricultural land (over 50 hectares) for nonagricultural (commercial or industrial) purposes	<i>Agriculture and Rangeland (medium scale)</i> - Agriculture, horticulture, rangeland, vineyards and orchards (medium scale intensive operations 50-500 ha) - Re-cultivation of resting land (up to 1000 hectares); - Utilization of agricultural land (30 to 50 hectares) for nonagricultural (commercial or industrial) purposes - Utilization of virgin soils and unbroken expanses for intensive agriculture - Forest plantation in agricultural lands - Construction of buildings to store agriculture goods and agricultural products - Construction/reconstruction of warehouses for chemical pesticides and mineral fertilizers	<i>Agriculture and Rangeland (small scale)</i> - Agriculture, horticulture, rangeland, vineyards and orchards (small scale <50ha) - Forest plantation in degraded lands; - Small scale recultivation (<100 ha); - Green fence plantation around agricultural lands - Construction of glasshouses and hotbeds without water supply and heating structures - Utilization of agricultural land (20 to 30 hectares) for nonagricultural purposes in developed areas - Acquisition of tractors and other farm equipment - Integrated pest management - Purchase of drought tolerant seeds
<i>Irrigation (large scale)</i> - River basin development; - Thermal and hydropower development;	<i>Irrigation (medium scale)</i> - Watershed projects (management or rehabilitation); - Rehabilitation, maintenance, and upgrading projects (small-scale);	<i>Irrigation (small scale)</i> -drip and plastic tube irrigation (small scale) -irrigation scheduling -alternate furrow irrigation
<i>Off-grid energy (large scale)</i>	<i>Off-grid energy (large scale)</i> - Micro-hydro schemes	<i>Off-grid energy (small scale)</i> -small scale micro-hydro rehabilitation
<i>Other Considerations</i> - Activities located in protected areas and other nationally recognized sensitive and wetlands	<i>Participatory Forestry</i> - Medium scale (over 500 ha); - Forestry in undeveloped lands	<i>Participatory Forestry</i> - Small scale (less than 500 ha) and in degraded agricultural lands

PFI ENVIRONMENTAL SCREENING CHECKLIST

(To be completed by PFI)

1. Sub-project name: _____

2. Environmental Category (A, B or C), based on sub-project application form:

(For Category B sub-projects, the PFI will refer the screening to the RRA)

3. Environmental assessment required (for B sub-projects): ___ Yes/ ___ No

4. What environmental issues raised by the sub-project:

5. If an environmental assessment is required, what are the specific issues to be addressed?

6. What is the time frame and estimated cost of conducting the environmental assessment?

7. Does the project involve acquisition of land, construction of new facilities, or establishment of perennial plantations?

No ___ Yes ___

8. Does the project involve resettlement of people or loss of assets/income?

No ___ Yes ___

If yes to 7 or 8 above, see RRA staff about eligibility of the project.

9. Date referred to RRA: _____

Table A -2.2: Agricultural Enterprise Screening Checklist
(for investment loans/leases only)

Broad Category	Will be Financed	Potential Impact			Mitigation measures	
			Yes	No	Yes	No
Agro-processing		water pollution safety and health biophysical and cultural losses through location				
Market refurbishment or new market structure		Construction impacts Disturbance of important biophysical or cultural resources				
Agriculture equipment hire		Soil erosion and soil compaction as result of farm mechanization				
Irrigation systems		Desertification and depletion of water resources				
Other agribusiness		Variety of minor impacts although aquaculture could result in damage to aquatic ecosystems, particularly the loss of endemic fish species				
Agrotourism, ecotourism		Biophysical losses construction impacts water pollution				

Table A-2.3 Farm Inputs Screening Checklist
(for working capital loans only)

Input	Will be Financed	Potential Impact	Mitigation Measures Identified?	
			Yes	No
Seed		None		
Pedigree seed		Biodiversity loss: Yes___ No___ Chemical inputs: Yes___ No___		
Fertilizer		Water pollution: Yes___ No___		
Pedigree animals		None		
Animals for finishing		Overgrazing: Yes___ No___ Forest degradation: Yes___ No___		
Land preparation (tractor and machinery hire)		Soil compaction and erosion: Yes___ No___		
Other farm implements		None		
Small equipment		None		
Irrigation equipment and irrigation maintenance		Water extraction and salinization Yes___ No___		
Primary processing equipment		Water pollution: Yes___ No___		
Veterinary Services		Hormones and chemicals in meat: Yes___ No___		

TERMS OF REFERENCE FOR AN ENVIRONMENTAL ASSESSMENT

An environmental assessment report for a Category B project focuses on the significant environmental issues raised by a Sub-project. Its primary purpose is to identify those measures that, if incorporated into the design and implementation of a project can assure that the negative environmental effects will be minimized. The scope and level of detail required in the analysis depend on the magnitude and severity of potential impacts.

The environmental assessment report should include the following elements:

- (a) *Executive Summary.* This summarizes the significant findings and recommended actions.
- (b) *Policy, legal and administrative framework.* This section summarizes the legal and regulatory framework that applies to environmental management in the jurisdiction where the study is done.
- (c) *Project Description.* Describes the nature and scope of the project and the geographic, ecological, temporal and socioeconomic context in which the project will be carried out. The description should identify social groups that will be effected, include a map of the project site, and identify any off-site or support facilities that will be required for the project.
- (d) *Baseline data.* Describe relevant physical, biological and social condition including any significant changes anticipated before the project begins. Data should be relevant to project design, location, operation or mitigation measures.
- (e) *Environmental impacts.* Describe the likely or expected positive and negative impacts in quantitative terms to the extent possible. Identify mitigation measures and estimate residual impacts after mitigation. Describe the limits of available data and uncertainties related to the estimation of impacts and the results of proposed mitigation.
- (f) *Analysis of Alternatives.* Systematically compare feasible alternatives to the proposed project location, design and operation including the "without project" alternative in terms of their relative impacts, costs and suitability to local conditions. For each of the alternatives quantify and compare the environmental impacts and costs relative to the proposed plan.
- (g) *Environmental Management Plan (EMP).* If significant impacts requiring mitigation are identified, the EMP defines the mitigation that will be done, identifies key monitoring indicators and any needs for institutional strengthening for effective mitigation and monitoring to be carried out.
- (h) *Appendices.* These should include:
 - (i) The list of EA preparers;
 - (ii) References used in study preparation;
 - (iii) A chronological record of interagency meetings and consultations with NGOs and effected constituents;
 - (iv) Tables reporting relevant data discussed in the main text, and;
 - (v) A list of associated reports such as resettlement plans or social assessments that were prepared for the project.

In addition, the Terms of reference should specify the composition and qualifications of the study team, the duration of the studies, the scope and nature of any primary data collection and field visits that will be required, and include a schedule of reporting and the nature and constituencies for consultations with stakeholders that are to be carried out.

FIELD INSPECTION CHECKLIST

(to be completed by the participating bank for Category B subprojects)

Project name: _____ Date/time of Visit: _____

Region/location: _____ Other participants: _____

Current activity and site history

- ☐ Who is the site contact (name, position, contact information)?
- ☐ What is the area of the site to be used for project activities?
- ☐ What are current uses of the site?
- ☐ What were previous uses of the site (give dates if possible)?

Environmental and Social Situation

- ☐ Are there sensitive sites nearby (nature reserves, cultural sites, historical landmarks)?
- ☐ Are there water courses on the site?
- ☐ What is the terrain or slope?
- ☐ Does the site experience flooding, waterlogging or landslides? Are there signs of erosion?
- ☐ What are the neighboring buildings (e.g. schools, dwellings, industries) and land uses?
- ☐ Are there any indications that cotton is produced on the site?
- ☐ Are there involved child and forced labor on the site?

Estimate distances.

- ☐ Will the proposed site affect transportation or public utilities?

Licenses, Permits and Clearances

- ☐ Does the site require licenses or permits to operate the type of activity proposed? Are these available for inspection?
- ☐ What environmental or other (e.g., health, forestry) authorities have jurisdiction over the site?

Water Quality Issues

- ☐ Does the proposed activity use water for any purposes (give details and estimate quantity). What is the source?
- ☐ Will the proposed activity produce any effluent? (estimate quantity and identify discharge point)
- ☐ Is there a drainage system on site for surface waters or sewage? Is there a plan available of existing drainage or septic systems?
- ☐ How waste water is managed (surface water courses, dry wells, septic tanks)? Soils
- ☐ What is the ground surface (agricultural land, pasture, etc.)?
- ☐ Will the project damage soils during construction or operations?
- ☐ Will the project affect the landscape significantly (draining wetlands, changing stream courses)

Pesticide Issues

- ☐ What are the procedures for transport, application, storage and disposal of pesticide Environmental Management Framework

- ☐ Are members of the grant recipient work force trained in proper storage and use of pesticides?
- ☐ Are pesticides being used as a last resort?
- ☐ Are there efforts to use integrated pest management measures?

Biological environment

- ☐ Describe vegetation cover on the site.
- ☐ Is there information about rare or threatened flora and fauna at or near the site? If yes, would the project have an impact or increase risk to the species?
- ☐ Obtain a list of vertebrate fauna and common plants of the site (if available).
- ☐ Note potential negative impacts on biota if project proceeds.

Visual Inspection Procedures

- ☐ Try to obtain a site map or make a sketch to mark details.
- ☐ Take photos, if permitted.
- ☐ Walk over as much of the site as possible, including boundaries, to note adjacent activities.
- ☐ Note any odors, smoke or visual dust emissions, standing water, etc.

ENVIRONMENTAL MANAGEMENT PLAN CHEKLIST
(for small scale construction and reconstruction activities)

PART 1: GENERAL PROJECT AND SITE INFORMATION

INSTITUTIONAL & ADMINISTRATIVE				
Country				
Project title				
Scope of project and activity				
Institutional arrangements (Name and contacts)	WB (Project Team Leader)	Project Management	Local Counterpart and/or Recipient	
Implementation arrangements (Name and contacts)	Safeguard Supervision	Local Counterpart Supervision	Local Inspectorate Supervision	Contactor
SITE DESCRIPTION				
Name of site				
Describe site location	Attachment 1: Site Map []Y [] N			
Who owns the land?				
Description of geographic, physical, biological, geological, hydrographic and socio-economic context				
Locations and distance for material sourcing, especially aggregates, water, stones?				
LEGISLATION				
Identify national & local legislation & permits that apply to project activity				
PUBLIC CONSULTATION				
Identify when / where the public consultation process took place				
INSTITUTIONAL CAPACITYBUILDING				
Will there be any capacity building?	[] N or []Y if Yes, Attachment 2 includes the capacity building program			

PART 2: SAFEGUARDS INFORMATION

ENVIRONMENTAL /SOCIAL SCREENING			
Will the site activity include/involve any of the following	Activity	Status	Triggered Actions
	A. Building rehabilitation	<input type="checkbox"/> Yes <input type="checkbox"/> No	See Section A below
	B. Minor new construction	<input type="checkbox"/> Yes <input type="checkbox"/> No	See Section A below
	C. Individual wastewater treatment system	<input type="checkbox"/> Yes <input type="checkbox"/> No	See Section B below
	D. Historic building(s) and districts	<input type="checkbox"/> Yes <input type="checkbox"/> No	See Section C below
	E. Acquisition of land/ involuntary resettlement ⁹	<input type="checkbox"/> Yes <input type="checkbox"/> No	See Section D below
	F. Hazardous or toxic materials ¹⁰	<input type="checkbox"/> Yes <input type="checkbox"/> No	See Section E below
	G. Impacts on forests and/or protected areas	<input type="checkbox"/> Yes <input type="checkbox"/> No	See Section F below
	H. Handling / management of medical waste	<input type="checkbox"/> Yes <input type="checkbox"/> No	See Section G below
	I. Traffic and Pedestrian Safety	<input type="checkbox"/> Yes <input type="checkbox"/> No	See Section H below

PART 3: MITIGATION MEASURES

ACTIVITY	PARAMETER	MITIGATION MEASURES CHECKLIST
0. General Conditions	Notification and Worker Safety	(a) The local construction and environment inspectorates and communities have been notified of upcoming activities (b) The public has been notified of the works through appropriate notification in the media and/or at publicly accessible sites (including the site of the works) (c) All legally required permits have been acquired for construction and/or rehabilitation (d) The Contractor formally agrees that all work will be carried out in a safe and disciplined manner designed to minimize impacts on neighboring residents and environment. (e) Workers' PPE will comply with international good practice (always hardhats, as needed masks and safety glasses, harnesses and safety boots) (f) Appropriate signposting of the sites will inform workers of key rules and regulations to follow.
A. General Rehabilitation and /or Construction Activities	Air Quality	(a) During interior demolition debris-chutes shall be used above the first floor (b) Demolition debris shall be kept in controlled area and sprayed with water mist to reduce debris dust (c) During pneumatic drilling/wall destruction dust shall be suppressed by ongoing water spraying and/or installing dust screen enclosures at site (d) The surrounding environment (side walks, roads) shall be kept free of debris to minimize dust (e) There will be no open burning of construction / waste material at the site (f) There will be no excessive idling of construction vehicles at sites
	Noise	(a) Construction noise will be limited to restricted times agreed to in the permit (b) During operations the engine covers of generators, air compressors and other powered mechanical equipment shall be closed, and equipment placed as far away from residential areas as possible
	Water Quality	(a) The site will establish appropriate erosion and sediment control measures such as e.g. hay bales and / or silt fences to prevent sediment from moving off site and causing excessive turbidity in nearby streams and rivers.
	Waste management	(a) Waste collection and disposal pathways and sites will be identified for all major waste types expected from demolition and construction activities. (b) Mineral construction and demolition wastes will be separated from general refuse, organic, liquid and chemical

⁹Involuntary resettlement includes displacement of people, change of livelihood encroachment on private property this is to land that is purchased/transferred and affects people who are living and/or squatters and/or operate a business (kiosks) on land that is being acquired.

¹⁰ Toxic / hazardous material includes but is not limited to asbestos, toxic paints, noxious solvents, removal of lead paint, etc.

		<p>wastes by on-site sorting and stored in appropriate containers.</p> <p>(c) Construction waste will be collected and disposed properly by licensed collectors</p> <p>(d) The records of waste disposal will be maintained as proof for proper management as designed.</p> <p>(e) Whenever feasible the contractor will reuse and recycle appropriate and viable materials (except asbestos)</p>
B. Individual wastewater treatment system	Water Quality	<p>(a) The approach to handling sanitary wastes and wastewater from building sites (installation or reconstruction) must be approved by the local authorities</p> <p>(b) Before being discharged into receiving waters, effluents from individual wastewater systems must be treated in order to meet the minimal quality criteria set out by national guidelines on effluent quality and wastewater treatment</p> <p>(c) Monitoring of new wastewater systems (before/after) will be carried out</p> <p>(d) Construction vehicles and machinery will be washed only in designated areas where runoff will not pollute natural surface water bodies.</p>
C. Historic building(s)	Cultural Heritage	<p>(a) If the building is a designated historic structure, very close to such a structure, or located in a designated historic district, notification shall be made and approvals/permits be obtained from local authorities and all construction activities planned and carried out in line with local and national legislation.</p> <p>(b) It shall be ensured that provisions are put in place so that artifacts or other possible "chance finds" encountered in excavation or construction are noted and registered, responsible officials contacted, and works activities delayed or modified to account for such finds.</p>
ACTIVITY	PARAMETER	MITIGATION MEASURES CHECKLIST
D. Acquisition of land	Land Acquisition Plan/Framework	<p>(a) Activities that involve land acquisition or resettlement of people or loss of assets or income, purchase or lease of land and buildings, dwelling construction or improvement, refinancing of any existing debts are not eligible for financing from the Credit Line.</p> <p>(b) The approved Land Acquisition Plan/Framework (if required by the project) will be implemented</p>
E. Toxic Materials	Asbestos management	<p>(a) If asbestos is located on the project site, it shall be marked clearly as hazardous material</p> <p>(b) When possible the asbestos will be appropriately contained and sealed to minimize exposure</p> <p>(c) The asbestos prior to removal (if removal is necessary) will be treated with a wetting agent to minimize asbestos dust</p> <p>(d) Asbestos will be handled and disposed by skilled & experienced professionals</p> <p>(e) If asbestos material is to be stored temporarily, the wastes should be securely enclosed inside closed containments and marked appropriately. Security measures will be taken against unauthorized removal from the site.</p> <p>(f) The removed asbestos will not be reused</p>
	Toxic / hazardous waste management	<p>(a) Temporarily storage on site of all hazardous or toxic substances will be in safe containers labeled with details of composition, properties and handling information</p> <p>(b) The containers of hazardous substances shall be placed in an leak-proof container to prevent spillage and leaching</p> <p>(c) The wastes shall be transported by specially licensed carriers and disposed in a licensed facility.</p> <p>(d) Paints with toxic ingredients or solvents or lead-based paints will not be used</p>
F. Affected forests, wetlands and/or protected areas	Protection	<p>(a) All recognized natural habitats, wetlands and protected areas in the immediate vicinity of the activity will not be damaged or exploited, all staff will be strictly prohibited from hunting, foraging, logging or other damaging activities.</p> <p>(b) A survey and an inventory shall be made of large trees in the vicinity of the construction activity, large trees shall be marked and cordoned off with fencing, their root system protected, and any damage to the trees avoided</p> <p>(c) Adjacent wetlands and streams shall be protected from construction site run-off with appropriate erosion and sediment control feature to include by not limited to hay bales and silt fences</p> <p>(d) There will be no unlicensed borrow pits, quarries or waste dumps in adjacent areas, especially not in protected</p>

		areas.
G. Disposal of medical waste	Infrastructure for medical waste management	<p>(a) In compliance with national regulations the contractor will insure that newly constructed and/or rehabilitated health care facilities include sufficient infrastructure for medical waste handling and disposal; this includes and not limited to:</p> <ul style="list-style-type: none"> ▪ Special facilities for segregated healthcare waste (including soiled instruments “sharps”, and human tissue or fluids) from other waste disposal; and ▪ Appropriate storage facilities for medical waste are in place; and ▪ If the activity includes facility-based treatment, appropriate disposal options are in place and operational
H Traffic and Pedestrian Safety	Direct or indirect hazards to public traffic and pedestrians by construction activities	<p>(b) In compliance with national regulations the contractor will insure that the construction site is properly secured and construction related traffic regulated. This includes but is not limited to</p> <ul style="list-style-type: none"> ▪ Signposting, warning signs, barriers and traffic diversions: site will be clearly visible and the public warned of all potential hazards ▪ Traffic management system and staff training, especially for site access and near-site heavy traffic. Provision of safe passages and crossings for pedestrians where construction traffic interferes. ▪ Adjustment of working hours to local traffic patterns, e.g. avoiding major transport activities during rush hours or times of livestock movement ▪ Active traffic management by trained and visible staff at the site, if required for safe and convenient passage for the public. ▪ Ensuring safe and continuous access to office facilities, shops and residences during renovation activities, if the buildings stay open for the public.

PART 4: MONITORING PLAN

Phase	What (Is the parameter to be monitored?)	Where (Is the parameter to be monitored?)	How (Is the parameter to be monitored?)	When (Define the frequency / or continuous?)	Why (Is the parameter being monitored?)	Cost (if not included in project budget)	Who (Is responsible for monitoring?)
During activity preparation							
During activity implementation							
During activity supervision							

Sample Sub-loan Agreement¹¹ No _____
on the allocation of sub-loan to beneficiaries № _____ Sub-borrower

Tashkent

" ____ " ____ 2016.

_____, hereinafter referred to as "**Bank**", on behalf of _____, acting on the basis of _____, of the one part, and _____, hereinafter referred to as "**Sub-borrower**" on behalf of _____, acting on the basis of _____ of the other part, have signed this Agreement as follows :

1. Subject of the agreement

1.1. The Bank undertakes to provide funds to the Sub-borrower in the terms and conditions stipulated in this agreement, and the Sub-borrower agrees to use the received funds for its intended purpose.

2. Sub-loan Description

2.1. Amount of sub-loan - _____ (amount in words) currency (or the sum of USD).

2.2. Object and purpose of the sub-loan _____.

3. Sub-borrower Confirmation

3.1. Sub-borrower represents and warrants the following:

- He / she is duly established and registered as a legal entity under the laws of the Republic of Uzbekistan; - The conclusion of this agreement and all its terms and conditions, not inconsistent with the performance of the constituent documents of the Sub-borrower;
- Financial reports submitted to the Bank are valid and reflect the financial condition of the Sub-borrower. The Sub-borrower has no real and contingent liabilities, including surety, issued in favor of third parties, other than those reflected in the financial statements or other documents submitted to the Bank;
- No administrative, arbitration and court proceedings have been filed against the Sub-borrower, and there are no outstanding obligations to third parties, which can greatly affect the performance of the Sub-borrower obligations hereunder;
- Sub-borrower has not pledged its assets in favor of third parties, there is no lien Beneficiary.

4. Rights and obligations of the parties

4.1. The Bank undertakes:

¹¹ This is just a Sample Sub-loan Agreement. The PFIs are free to use their own sub-loan formats, however, the provisions stipulated in this sample agreement have to be, as a minimum, provided for in the sub-loan agreements signed between the PFI and the sub-borrower.

4.1.1. Provide a sub-loan to the Sub-borrower according to the terms and conditions stipulated in this agreement.

4.1.2. Open a segregated sub-loan account to the Sub-borrower in order to keep records of the received sub-loan.

4.1.3. Inform the Sub-borrower of the facts and the reasons for Bank surcharge of sub-loan.

4.2. Sub-borrower undertakes:

4.2.1. Provide reimbursement the full amount of sub-loan and payment of accrued interest in the case, the failure to perform any of its obligations under in this agreement.

4.2.2. Use sub-loan for the purposes stipulated in this agreement.

4.2.3. Utilize the sub-loan to implement the respective subproject, with due diligence and efficiency, and in accordance with the administrative rules and procedures and national legislation prohibiting the use of child and forced labor, and in accordance with sound technical, economic, financial, managerial, environmental and social standards and practices satisfactory to the World Bank, including in accordance with the provisions of the "Anti-Corruption Guidelines" and "Environmental Management Framework".

4.2.4. As required, submit to the Bank quarterly accounting balance sheets, financial reports of profit and loss statement and other documents and information necessary for the monitoring and analysis of the financial condition of the Sub-borrower.

4.2.5. Allow employees of the Bank, RRA and the World Bank staff in industrial, warehouse and other facilities for specific checks (on the financial condition, accounting and reporting, targeted use of sub-loan, stocks and assets acquired using the sub-loan, assessment of labor practices), as well as provide access to the primary reporting and accounting documents at their request. Terms of targeted inspections determined by the Bank without the consent of the Sub-borrower.

4.2.6. In advance (15 days) to inform the Bank about the upcoming change of the legal form or other reorganization affecting the financial condition of the Sub-borrower, as well as of any circumstances that prevent, or may prevent, successful implementation of the sub-project.

4.2.7. When reorganization and liquidation immediately reimburse the full amount of the sub-loan with a payment of interest.

4.2.8. During the term of this agreement the Sub-borrower must:

-Upon request of the World Bank or RRA, to provide an audit of financial statements by independent auditors, acceptable to the World Bank, in accordance with consistently applied auditing standards acceptable to the World Bank, and promptly submit audited reports to RRA and the World Bank;

-Maintain their property, equipment and other property in the normal state (operating fixed assets);

-To keep accounting and internal control system in accordance with applicable accounting rules and reporting and implement an annual audit of its financial statements;

-Maintain current assets not lower than the standard, as well as other financial ratios (coverage ratio, liquidity, autonomy, etc) is not below the level that was recorded at the time the sub-loan, if the Bank shall otherwise agree;

-To keep all accounts in the Bank;

-Inform the Bank of any litigation, changes in agreement commitments or other changes in its financial condition that adversely affect the activity of the Sub-borrower.

-Timely obtain and extend all necessary permits and licenses for its activities and the conditions of this agreement.

4.2.9. During the performance of this agreement without the prior consent of Bank the Sub-borrower **does not have to** take any of the following, if they have a significant negative impact on the Sub-project and/or the possibility of the Sub-borrower to perform any of its obligations hereunder:

- Receive loans from other creditors, to issue credits and loans to other persons, to be a sponsor (or guarantor) to the creditor of the third parties, to open any accounts in other banks;
- Perform any reorganization or liquidation;
- To sell or otherwise dispose of, transfer, lease all or part of their property to third parties; pledge, create liens, and other pre-emptive rights in respect of its property and funds in favor of a third party as security for its obligations.

4.3. The Bank has the right to:

4.3.1. Refuse to provide a sub-loan to the Sub-borrower under this agreement in whole or in part in case if:

- The Sub-borrower has been recognized as insolvent;
- The Sub-borrower has not complied with the responsibilities for timely repayment of the sub-loan received from the project "Climate Adaptation And Mitigation Program For Aral Sea Basin » (the "sub-loan");
- Use of sub-loan for other than the intended purpose(s);
- Identification after agreement conclusion unreliability of the presented information and statements affecting the repayment of the sub-loan;
- Not using by Sub-borrower the sub-loan (not filing settlement documents for payment) more than 1 month after the entry into force of the Bank's obligations under this Agreement;
- Identification of confirmed evidence of use of child and forced labor.

4.3.2. In the process of allocation of sub-loan, have access and analyze the accounting and statistical reporting on matters relating to the issued sub-loan (financial and economic situation, creditworthiness, the intended use of the sub-loan, security, etc.)

4.3.3. As appropriate, suspend further disbursement of the sub-loan, or require full repayment of the sub-loan amount extended, or require payment of penalty, in cases when:

- The sub-loan has not been used for the intended purpose(s).
- Untimely repayment of interest and arrears on principal repayment of over 30 days.
- Deterioration of the financial condition of the Sub-borrower, neglect accounting, misreporting data.
- Not providing reporting data to the Bank pursuant to this agreement, evasion of bank control,
- In cases where the data and information submitted by Sub-borrower to the Bank in preparing the documentation for the allocation of sub-loan has been false or materially different;
- In cases the issued sub-loan would be for various reasons, unsecured, and violation of other obligations under this agreement, adversely affecting the sub-loan repayment. In this case, the Bank shall notify the Sub-borrower of this no later than 5 days.

4.3.4. Exercise directly from the beneficiary target inspections.

4.4. The Sub-borrower has the right to:

4.4.1. Refuse from obtaining sub-loan in whole or in part, by notifying the Bank no later than 5 days;

4.4.2. Receive information from the Bank of changes in legal acts of the Republic of Uzbekistan and the internal regulations of the Bank on lending and settlement.

5. Settlement procedure and the agreement amount

5.1. The Bank provides sub-credit to the conditions stipulated in this agreement, by transferring the appropriate amount from the Sub-borrower's credit account to pay for goods (works and services).

5.2. In case of delay of repayment of interest and principal of the sub-loan, Bank is entitled to deduct the sum due from all accounts of the beneficiary in accordance with the current legislation of the Republic of Uzbekistan.

6. Procedure for Dispute Resolution

6.1. The Parties shall endeavor to resolve all disputes that may arise under this Agreement through negotiations and consultations.

6.2. In cases of disagreement under this Agreement, the parties shall be governed by the legislation of the Republic of Uzbekistan, Loan Agreement №____ dated _____ 2016 and "Climate Adaptation and Mitigation Program For Aral Sea Basin"

6.3. If these disputes cannot be resolved by negotiation, they shall be settled in accordance with the current legislation of the Republic of Uzbekistan in the Economical Court of the Tashkent city.

7. Other terms

7.1. Changing the terms or termination of the agreement is made by conducting additional agreement. All changes and additions to this agreement shall be valid only if they are made in writing, signed by authorized representatives of the parties and sealed. All changes, additions and supplements to this Agreement shall form an integral part.

7.2. While terminating the agreement, the Beneficiary shall reimburse sub-loan and accrued interest for the use of them to Bank.

7.3. In cases not covered by this agreement, the parties shall be guided by the legislation of the Republic of Uzbekistan.

7.4. In case of change of address and bank details, the parties must immediately notify each other in writing.

7.5. This Agreement shall come into force upon signing and shall be valid until the complete fulfillment of all obligations by the parties. Agreement is made in two copies, each of which has equal legal force, one for each side.

8. Final Provisions

8.1. Issuance of sub-loan is carried out only under the conditions of receiving the sub-loan from the additional financing of the project "Climate Adaptation And Mitigation Program For Aral Sea Basin".

8.2. This Agreement is made in two copies, each of which has equal legal force, one for each side.

9. Addresses, bank account details and signatures of the parties

" BANK "

Address: _____

" Sub-borrower "

Address: _____

List of documents

To be provided by the Sub-borrower to the PFI to obtain sub-loan from the International Development Association funds

1. **Sub-loan application** (signed by the borrower, including a description of the purpose, the amount, time of the use of credit and, in the case of secured credit, a description of collateral);
2. **Constituent documents of the borrower** (the charter, memorandum of association or the patent, certificate of enterprise registration etc.);
3. **Copies of passports** (of director and chief accountant);
4. **Orders on appointment** (of director and chief accountant);
5. **Information about the existence of a settlement account** (primary, secondary);
6. **Business plan** (with the obligatory indication of cash flow forecast to the bank account of the borrower (cash flow));
7. **Collateral** (125% from the credit amount);
8. **Authorized samples of signatures** (the documents confirming the right of a person to sign the credit agreement on behalf of the borrower, if the person is a representative of the borrower, specimen signatures);
9. **The environmental expertise of the project** (if necessary);
10. **Balance** - during the last two years,
11. **The report on financial results** and their use,
12. **Breakdown of receivables and payables**
13. **Reconciliation acts** on the debt more than 90 days.
14. **Minutes of the General Meeting of Shareholders and founders of the** agreement (the original) (excluding dekhkan farms; if JS, JV, Ltd);
15. **Agreements or contracts for the purchase and sale of goods** (for agreements and contracts amount exceed from 200 minimum wages, a legal opinion from a lawyer or a lawyer with the appropriate seal.)

Annex 11

**The quarterly report of the loan portfolio quality within the
project "Climate Adaptation And Mitigation Program For Aral Sea Basin" with the participation of IDA
(as of _____)**

In USD

Beneficiary		amount of sub-credit/leasing	repayment (principal amount of sub-loan / lease financing)	debts on repayment of principal				actually paid interest	debts in the payment of interest				current balance
				up to 30 days	for a period of from 30 to 90 days	for more than 90 days	Total		up to 30 days	for a period of from 30 to 90 days	for more than 90 days	Total	
№	A	1	2	3	4	5	6 (6=3+4+5)	7	8	9	10	11 (11=8+9+10)	12 (12=1-2+11)
Project area													
1													
2													
3													
4													
Total project area													
Total PFI													

Deputy Chairman of the Board in charge of the credit line

The personnel responsible for working with the credit line

NCU

Date: _____

SUB-PROJECT MONITORING FORM

Name of financed Sub-project: _____

Beneficiary address: _____

Name, tel. of contact person of beneficiary: _____

Participating Financial Institution (PFI): _____

PFI's credit officer/or representatives (position, name, tel.: PFI branch address: _____

Previous Sub-project monitoring reports and issues:

(i) PFI's Sub-project monitoring report (if available copy): _____

(ii) NCU Sub-project monitoring report (date, brief short comings according to the last monitoring of Sub-project/recommendations to fix or eliminate antecedents): _____

NCU Sub-project register number, Sub-project approval date: _____

Total Sub-project amount and currency: (USD or UZS): _____

20% beneficiary contribution (Sub-borrower shall provide no less than 20% of the total cost of the Sub-project in cash or in kind): _____

100 % financing-for Sub-loan amount (financing 100% of the approved Sub-loans _____

Other donors co-financing Sub-loan part (by beneficiary, by PFI, by other donors): _____

Grace period (max. 3 years permitted) _____

Maturity of PFI Sub-loan **for Sub-borrower**, grace period _____

PFIs separate roll-over accounts for new Sub-loans (information, reports to NCU, on-lending terms): _____

Interest rate for PFI (for each currency, floating, fixed, margins included): _____

PFI interest rate for beneficiary (for each currency, floating, fixed, margins included, limits): _____

Branch of the economy field: _____

Details of expenditures financed: (list details /or attach separate annex with items, contracts, invoices, price, quantity, technical specifications, supplier, delivery date, fiscal docs for delivery and record)

Number, date and tranches amount of payment:

	Promise of payment, No, date	Amount and currency approved	NCU transfer date to PFI	PFI transfer date to beneficiary	Amount and currency disbursed
tranche I					
tranche II. III					
Total					

Outstanding principal (amount, currency, last payment date): _____

Expired due principal (amount and period): _____

Expired due interest (amount and period): _____

Finance source (project direct resources, reallocated resources): _____

Financial situation of the Sub-borrower (comments, reports, worries):

Review of the payment, accounting documents (PFIs and Sub-projects visits) to check use of funds and supply of procured goods, works, services for the Sub-project implementation.

Reporting and information (quality and periods, by PFI, Sub-borrower): _____

Conclusions and Recommendations for PFI/for Sub-borrower:

Next planned review of the Sub-project (date): _____

Attachments to the report (pages):

NCU representative: _____ (date, signature)

LIST OF DOCUMENTS TO BE MAINTAINED AT THE SUB-BORROWER FILE AT THE PFI

List of Sub-loan file documents	PFI	NCU	
Beneficiary			

Address , phone, email.			

PFI Address, ph., email.			
1. PFI's Request for Sub-loan financing	Y	Y	
2. PFI's Statement of Expenditures	Y	Y	
3. PFI Sub-loan Presentation report	Y	Y	
4. Beneficiary's Financial Statements and reports for 2 years.	Y	Y-for first 3 Sub-loans	
5. PFIs Sub-loan Credit risk analysis and reports. Financial and development prognosis.	Y		
6. Business plan	Y		
7. WB, IDA "no-objection" documents		Y-for first 3 Sub-loans and others subject to prior review	
8. PFI's Credit committee decision.	Y		
9. On-lending agreement and repayment schedule (PFI & beneficiary).	Y		
10. Collateral agreement.	Y		
11. State Registration Certificate.	Y		
12. Licenses and authorizations.	Y		
13. The environment impact evaluation (Specialist opinion).	Y	Y	
14. PFI/ Beneficiary Procurement evaluation Report	Y	Y	
15. WB/IDA procurement no-objection (see limits)			
16. Signed Procurement Contracts. Contract specifications & annexes.	Y		

17. Invoices. Customs documents. Certificates of goods origine.	Y		
18. Payment documents. Documents confirming received and accepted goods, works and services.	Y, for retroactive financing	Y, for retroactive financing	
19. Other documents confirming Sub-loan financed expenditures.	Y, for retroactive financing	Y, for retroactive financing	
20. Other reasonable information requested by the /NCU			

Pest Management Plan

1. Background which would outline

- i) the purpose of the Plan,
- ii) indicate pest management authorities, and
- iii) pest management program objective;

2. Responsibilities of individuals (e.g., Program Director, Health Chair, Pest Management Coordinator, Pest Management Personnel, etc.)

3. General Information which should provide data on land use and soil, in the area where the pesticides are applied; climate, geo-morphology, settlements in the area of concern, population, surface water, etc. as well as inventory of land use and layout of facilities

4. Priority of Pest Management (e.g., undesirable vegetation, vertebrate pests, etc.)

5. Integrated Pest Management

5.1 Principles of the Integrated Pest Management are:

a) Mechanical and Physical Control.

This type of control alters the environment in which a pest lives, traps and removes pests where they are not wanted, or excludes pests. Examples of this type control include: harborage elimination through caulking or filling voids, screening, etc.

b) Cultural Control.

Strategies in this method involve manipulating environmental conditions to suppress or eliminate pests. For example, spreading manure from stables onto fields to dry prevents fly breeding. Elimination of food and water for pests through good sanitary practices may prevent pest populations from becoming established or from increasing beyond a certain size.

c) Biological Control.

In this control strategy, predators, parasites or disease organisms are used to control pest populations. Sterile flies may be released to lower reproductivity. Viruses and bacteria may be used which control growth or otherwise kill insects. Parasitic wasps may be introduced to kill eggs, larvae or other life stages. Biological control may be effective in and of itself, but is often used in conjunction with other types of control.

d) Chemical Control.

Pesticides kill living organisms, whether they will be plants or animals. At one time, chemicals were considered to be the most effective control available, but pest resistance rendered many pesticides ineffective. The trend is to use pesticides which have limited residual action. While this has reduced human exposure and lessened environmental impact, the cost of chemical control has risen due to requirements for more frequent application. Since personal protection and special handling and storage requirements are necessary with the use of chemicals, the overall cost of using chemicals as a sole means of control can be quite costly when compared with nonchemical control methods.

5.2 Integrated Pest Management Outlines.

This sub-chapter addresses each major pest or category of similar pests is addressed, by site, in separate outlines.

5.3 Annual Workload for Surveillance, Prevention, and Control.

In this sub-chapter has to be indicated the number of man-hours expended for surveillance, prevention, and control of pests. Environmental Management Framework

6. Health and Safety.

This chapter should contain health and safety requirements as follows:

6.1 Medical Surveillance of Pest Management Personnel.

All personnel who apply pesticides have to be included in a medical surveillance program.

6.2 Hazard Communication.

Pest management personnel are given hazard communication training, to include hazardous materials in his workplace. Additional training is to be given to new employees or when new hazardous materials are introduced into the workplace.

6.3 Personal Protective Equipment.

In this chapter has to be described approved masks, respirators, chemical resistant gloves and boots, and protective clothing (as specified by applicable laws, regulations and/or the pesticide label) are provided to pesticide applicators. These items are used as required during the mixing and application of pesticides. Pesticide-contaminated protective clothing is not be laundered at home but commercially. Severely contaminated clothing is not laundered, but is considered a pesticide-related waste and disposed, as applicable for hazardous waste.

6.4 Fire Protection.

The fire safety protection requirements has to be established; the pest management coordinator has to control implementation of measures to prevent fire.

7. Environmental Considerations.

7.1 Protection of the Public.

Precautions are taken during pesticide application to protect the public, on and off the installation. Pesticides should not be applied outdoors when the wind speed exceeds 155 m/min. Whenever any pesticides are applied outdoors, care is taken to make sure that any spray drift is kept away from individuals, including the applicator. Pesticide application indoors is accomplished by individuals wearing the proper personal protective clothing and equipment. At no time are personnel permitted in a treatment area during pesticide application unless they have met the medical monitoring standards and are appropriately protected.

7.2 Sensitive Areas.

No pesticides are applied directly to wetlands or water areas (lakes, rivers, etc.) unless use in such sites is specifically approved.

7.3 Endangered/Protected Species and Critical Habitats.

Protected migratory birds which periodically occur on the installation cannot be controlled without a permit. The Pest Management Coordinator periodically evaluates ongoing pest control operations and evaluates all new pest control operations to ensure compliance with the list of endangered species. No pest management operations are conducted that are likely to have a negative impact on endangered or protected species or their habitats without prior approval from environmental authorities.

7.4 Environmental Documentation.

An environmental assessment which specifically addresses the pesticide use program on the installation has been prepared. This plan is referenced in the assessment as documentation of pesticide use.