

**Summary of Investment: Hamkorbank -
Scaling up pro-poor value chains' sustainable production through microfinance -
Uzbekistan**

Project Name	Hamkorbank - Scaling up pro-poor value chains' sustainable production through microfinance
Country	Uzbekistan
Region	NEAR EAST, NORTH AFRICA AND EUROPE DIVISION (NEN)
Status	Submitted to December 2023 EB session
Environmental & Social Category	Moderate
Sector	Agriculture
Industry	Commercial bank
IFAD's Senior Loan Amount	USD 2.5 million

Project Description and expected development results

Despite various advancements in the last years, Uzbek Small-Scale Producers (SSPs), Producer Organizations (POs) and Agriculture Micro-, Small- and Middle-Sized enterprises (Agri-MSMEs) have limited access to financial support to fulfil their investment requirements and to improve their income and livelihoods. The agricultural sector is particularly penalized and SSPs's demand financial for financial services has been historically unmet as perceived too risky by commercial banks. IFAD is considering the provision of a 4-year senior loan of USD 2.5 million to Hamkorbank to be used to expand its agricultural portfolio supporting SSPs (individual or collectively) and agri-MSMEs offering valuable services, technology and markets access to Uzbek rural community players.

The aims to promote improved livelihoods and resilience of small-scale producers (SSPs), their organizations as well as income and employment generation and preservation of agri-MSMEs involved in horticulture and livestock value chains. It will do so by facilitating their access to financial services that enhance sustainable production activities and build their resilience in the case of adverse events.

The Project will be implemented in rural areas of the Andijan, Fergana, Jizzakh, Kashkadarya, Namangan, Samarkand and Surkhandarya regions. The project will complement IFAD's interventions in Uzbekistan through its sovereign portfolio. This intervention will directly provide microloans to 1,500 direct beneficiaries of which 30 per cent will be women, 30 per cent will be youth and 100 per cent will be low-income clients. It aims to have a catalytic effect, by demonstrating the benefits of extending financial services to SSPs, promoting private sector development without adding to government debt.

Borrower

Hamkorbank is a leading private sector bank in the Republic of Uzbekistan and is among the largest microfinance providers in the country with strong development and gender commitments. The bank provides a full suite of banking services to all regions of the country. Hamkorbank is the first bank in the country to have cooperation with International Financial Institutions, which are among its shareholders. Hamkorbank has participated in most of transformational projects in Uzbekistan including some of IFAD's Projects.

Additionality

IFAD's financial additionality stems from its role in catalyzing private sector's commercial funding and investment in the dairy and horticulture value chains by providing middle-term credit otherwise not available in the market.

In term of non-financial additionality, the project will support the sustainability of the results achieved by The Dairy Value Chains Development Project (DVCDP), by targeting those dairy producers and its organizations who need to scale up their investments by purchasing cattle, equipment and feed inputs while promoting the sustainable food system diversification through the horticulture value chain.

Implementation Status

After IFAD's Executive Board approval, IFAD and Hamkorbank will negotiate the loan agreement. Agreement on the final loan draft is expected to be achieved in the first quarter of 2024. Disbursement shall occur in the second quarter of 2024.

Contact

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