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**CREDIT NUMBER 7172-UZ**

# **Financing Agreement**

**(Clean Energy for Buildings in Uzbekistan Project)**

**between**

**REPUBLIC OF UZBEKISTAN**

**and**

**INTERNATIONAL DEVELOPMENT ASSOCIATION**

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**CREDIT NUMBER 7172-UZ**

**FINANCING AGREEMENT**

AGREEMENT dated as of the Signature Date between REPUBLIC OF UZBEKISTAN (“Recipient”) and INTERNATIONAL DEVELOPMENT ASSOCIATION (“Association”). The Recipient and the Association hereby agree as follows:

**ARTICLE I — GENERAL CONDITIONS; DEFINITIONS**

- 1.01. The General Conditions (as defined in the Appendix to this Agreement) apply to and form part of this Agreement.
- 1.02. Unless the context requires otherwise, the capitalized terms used in this Agreement have the meanings ascribed to them in the General Conditions or in the Appendix to this Agreement.

**ARTICLE II — FINANCING**

- 2.01. The Association agrees to extend to the Recipient a credit, which is deemed as Concessional Financing for purposes of the General Conditions, in the amount of one hundred forty-three million Dollars (US\$143,000,000) (variously, “Credit” and “Financing”), to assist in financing of the project described in Schedule 1 to this Agreement (“Project”).
- 2.02. The Recipient may withdraw the proceeds of the Financing in accordance with Section III of Schedule 2 to this Agreement.
- 2.03. The Maximum Commitment Charge Rate is one-half of one percent (1/2 of 1%) per annum on the Unwithdrawn Financing Balance.
- 2.04. The Service Charge is the greater of: (a) the sum of three-fourths of one percent (3/4 of 1%) per annum plus the Basis Adjustment to the Service Charge; and (b) three-fourths of one percent (3/4 of 1%) per annum; on the Withdrawn Credit Balance.
- 2.05. The Interest Charge is the greater of: (a) the sum of one and a quarter percent (1.25%) per annum plus the Basis Adjustment to the Interest Charge; and (b) zero percent (0%) per annum; on the Withdrawn Credit Balance.

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

### **ARTICLE III — PROJECT**

- 3.01. The Recipient declares its commitment to the objective of the Project. To this end, the Recipient, through the Ministry of Energy (MoE), shall cause the Project to be carried out by the Project Implementing Entity (PIE), in accordance with the provisions of Article V of the General Conditions, Schedule 2 to this Agreement, and the Project Agreement.

### **ARTICLE IV — REMEDIES OF THE ASSOCIATION**

- 4.01. The Additional Event of Suspension consists of the following: the Project Implementing Entity's Legislation has been amended, suspended, abrogated, repealed, or waived so as to affect, materially and adversely, in the opinion of the Association, the ability of the PIE to perform any of its obligations under this Agreement.
- 4.02. The Additional Event of Acceleration consists of the following: the event specified in Section 4.01 of this Agreement occurs.

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

- 5.01. The Additional Conditions of Effectiveness consist of the following:
  - (a) the PIE Agreement has been executed on behalf of the Recipient, through the MoE, Ministry of Economy and Finance (MoEF), and the PIE, in form and substance satisfactory to the Association.
  - (b) An opinion satisfactory to the Association, of counsel acceptable to the Association, has been furnished to the Association, showing that the PIE Agreement has been duly authorized by the Recipient, through the MoE and MoEF, and the PIE and is legally binding upon the Recipient, through the MoE and MoEF, and the PIE in accordance with its respective terms.
- 5.02. The Effectiveness Deadline is the date ninety (90) days after the Signature Date.

- 5.03 For purposes of Section 10.05 (b) of the General Conditions, the date on which the obligations of the Recipient under this Agreement (other than those providing for payment obligations) shall terminate is twenty (20) years after the Signature Date.

**ARTICLE VI — REPRESENTATIVE; ADDRESSES**

- 6.01. The Recipient's Representative is the Minister of Economy and Finance.

- 6.02. For purposes of Section 11.01 of the General Conditions:

- (a) the Recipient's address is:

Ministry of Economy and Finance  
Istiqlol Street 29  
Tashkent, 100017  
Republic of Uzbekistan; and

- (b) the Recipient's Electronic Address is: info@mf.uz

Facsimile:  
998-71- 233-7073  
998-71- 239-1259

- 6.03. For purposes of Section 11.01 of the General Conditions:

- (a) the Association's address is:

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

- (b) the Association's Electronic Address is:

Facsimile:  
1-202-477-6391

AGREED as of the Signature Date.

**REPUBLIC OF UZBEKISTAN**

**By**

*Djamshid kuchkarov*

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**Authorized Representative**

**Name:** Djamshid kuchkarov

**Title:** Deputy Prime-Minister - Governor

**Date:** 10-Apr-2023

**INTERNATIONAL DEVELOPMENT ASSOCIATION**

**By**

*Tatiana Proskuryakova*

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**Authorized Representative**

**Name:** Tatiana Proskuryakova

**Title:** Country Director for Central Asia

**Date:** 07-Apr-2023

## SCHEDULE 1

### Project Description

The objective of the Project is to improve energy efficiency in public buildings and enhance the regulatory framework for clean energy investments in the buildings sector.

The Project consists of the following parts:

#### **Part 1: Clean energy investments in public buildings**

Supporting Energy Efficiency (“EE”) investments and associated Distributed Renewable Energy (“d-RE”) investments, using a revolving financing mechanism, for the benefit of selected Eligible Facilities through *inter alia*: (a) goods, works, non-consulting services, and consulting services; and (b) goods, works, non-consulting services, and consulting services subject to achievement of the PBCs.

#### **Part 2: Technical Assistance, Capacity Building and Project Management**

1. Carrying out institutional strengthening and market capacity building activities to: (a) operationalize the Project Implementing Entity to use a revolving financing mechanism for implementing EE and d-EE investments; (b) support MoE and other government agencies on the design and implementation of clean energy projects; (c) provide training to facilities and public institutions owned by the Ministry of Health, Ministry of Preschool and Secondary Education to enhance their energy management skills; and (d) develop and implement targeted training programs for contractors, energy auditors, engineering companies, and potential companies that provide energy services; and (e) provide vocational and technical training on EE and d-RE investments.
2. Carrying out information dissemination and communication activities to support the development of a clean energy market, share knowledge with the private sector and make the information accessible to improve awareness of clean energy opportunities and renovation.
3. Supporting the PIE for Project management, implementation, monitoring, evaluation, and reporting, including in the areas of financial management, engineering, procurement, disbursement, and social and environmental protection.
4. Carrying out analytical studies to leverage private sector participation, including a gap assessment for private sector participation in energy efficiency improvement, the development of financial mechanisms, as well as marketing and capacity-strengthening products to support the financial institutions in developing and delivering energy efficiency financing.

5. Carrying out studies and activities to support the broader implementation of energy efficiency and distributed renewable energy investments.

**Part 3: Contingent Emergency Response**

Provision of immediate response to an Eligible Crisis or Emergency, as needed.

## SCHEDULE 2

### Project Execution

#### Section I. Implementation Arrangements

##### A. Institutional Arrangements

1. The Recipient, through the MoE, shall, and shall cause the PIE, to maintain throughout the course of Project implementation, a structure, functions, responsibilities, and adequate staff, all as further described in the POM and acceptable to the Association, for the purposes of day-to-day Project management, monitoring, evaluation and supervision.
2. The Recipient shall, and shall cause the PIE, to carry out the Project in accordance with the provisions set out in this Agreement, the POM, and the PIE Agreement.
3. For purposes of ensuring Project oversight and coordination, the Recipient, through MoE, shall not later than 30 days after the Effective Date establish and thereafter maintain, throughout the implementation of the Project, a Project steering committee (“Project Steering Committee”) with responsibilities and composition acceptable for the Association, including, *inter alia*, representatives from the MoE, MoH, MoPSE, MoIIT, and MoEF, all as set forth in the POM.

##### B. Project Management Company

1. Unless otherwise agreed with the Association, and without limiting the generality of Section I above, to facilitate the carrying out of the Project, the Recipient, through the MoE shall cause the PIE to hire, appoint and thereafter maintain a Project management company (“PMC”), with staffing, resources, and terms of reference approved by the Association which shall include the following (“PMC Agreement”):
  - (a) the PMC shall carry out the Project on behalf of the PIE for a period of up to thirty months from the date of the PMC Agreement, unless agreed otherwise between the Association and the Recipient;
  - (b) the PMC shall carry out specific capacity building activities for the PIE including *inter alia* hands on training on financial management, disbursement, reporting, procurement, environment and social requirements (ESS), monitoring;
  - (c) the PMC shall carry out the Project on behalf of the PIE in accordance with the relevant provisions of this Agreement, the Project Operations Manual, and the PIE Agreement;



- (d) the PMC shall carry the Project on behalf of the PIE: (i) with due diligence and efficiency and in accordance with appropriate technical, economic, financial, managerial, environmental and social standards and practices; (ii) in accordance with the terms and conditions set out in the Loan Agreement, Environmental and Social Standards, the Project Operations Manual, including the Anti-Corruption Guidelines applicable to recipients of loan proceeds other than the Recipient; and (iii) provide, promptly as needed, the resources required for such purpose;
  - (e) a provision that PMC has acquired or upgraded its existing technical requirements (such as software) in a manner acceptable to the Association and as elaborated further in the Project Operations Manual; and
  - (f) the PMC shall transfer back to the PIE the responsibility for Project implementation on completion of the term specified in sub-paragraph (a) above.
- 2. The Recipient shall, through the MoE, ensure that PMC shall carry out the specific capacity building activities for the PIE, including *inter alia* hands on training on financial management, disbursement, reporting, procurement, environment and social requirements (ESCP), monitoring, Anticorruption Guidelines, procurement regulations.
- 3. The Recipient shall, through the MoE, ensure that the PMC shall carry out the Project on behalf of the PIE in accordance with the relevant provisions of this Agreement, the Project Operations Manual, and the PIE Agreement.
- 4. The Recipient shall, through the MoE, ensure that, the PMC shall carry the Project on behalf of the PIE: (i) with due diligence and efficiency and in accordance with appropriate technical, economic, financial, managerial, environmental and social standards and practices; (ii) in accordance with the terms and conditions set out in the Loan Agreement, Environmental and Social Standards, the Project Operations Manual, including the Anti-Corruption Guidelines applicable to recipients of loan proceeds other than the Recipient; and (iii) provide, promptly as needed, the resources required for such purpose.
- 5. The Recipient shall, through the MoE, ensure that the PMC shall transfer back the operational responsibility for Project implementation on completion of the term specified in sub-paragraph 1(a) above.
- 6. The Recipient shall and shall cause the PIE to exercise its rights under the PMC Agreement in such manner as to protect the interests of the Recipient and the Association and to accomplish the purposes of the Financing.

7. Except as the Association shall otherwise agree, the Recipient shall not and shall not allow the PIE to assign, amend, abrogate or waive the PMC Agreement or any of its provisions.

**C. PIE Agreement**

1. To facilitate the carrying out of the Project, the Recipient shall make the proceeds of the Credit available to the PIE under an agreement between the Recipient's MoEF, MoE, and the PIE, under terms and conditions approved by the Association ("PIE Agreement"), which beyond the financial arrangements for the implementation of Part 1 of the Project, shall also include the following:

- (a) specific roles and responsibilities of the PIE, the PMC, Ministries, agencies, and units, as applicable, involved in the implementation of the Project and such other arrangements and procedures as shall be required for the effective implementation of the Project;
- (b) the PIE shall carry out the Project: (i) with due diligence and efficiency and in accordance with appropriate technical, economic, financial, managerial, environmental and social standards and practices; (ii) in accordance with the terms and conditions set out in the Financing Agreement, ESCP, the Project Operations Manual, the Anti-Corruption Guidelines applicable to recipients of loan proceeds other than the Recipient; and (iii) provide, promptly as needed, the resources required for such purpose (including the revolving funding mechanism for Part 1 of the Project); and
- (c) the Recipient, through the MoE and MoEF, shall have the right to suspend or terminate the rights of the PIE to use the proceeds of the Credit, upon the PIE's failure to perform any of its obligations under the PIE Agreement.

2. The Recipient, through MoE and MoEF, shall exercise its rights under the PIE Agreement in such manner as to protect the interests of the Recipient and the Association and to accomplish the purposes of the Financing.

3. Except as the Association shall otherwise agree, the Recipient, through the MoE and MoEF, shall not assign, amend, abrogate or waive the PIE Agreement or any of its provisions.

**D. Energy Efficiency and Distributed Renewable Energy Investments – Revolving Financing Mechanism**

1. For purposes of carrying out Part 1 of the Project and prior to the carrying out of any EE investment or the d-RE investment, through a revolving financing

mechanism, the Recipient, through the MoE, shall cause the PIE to enter into an agreement (the “Project Energy Service Agreement” or “Project ESA”) with a selected Eligible Facility (through its managing/legal entity responsible for the Eligible Facility) under terms and conditions acceptable to the Association.

2. The Recipient, through MoE, shall cause the Project Implementing Entity to exercise its rights and carry out its obligations under each Project Energy Service Agreement in such manner as to protect the interests of the Recipient and the Association and to accomplish the purposes of the Financing.
3. Except as the Association shall otherwise agree, the Recipient, through MoE, shall not assign, amend, abrogate, terminate, waive or fail to enforce any Energy Service Agreement, or any of their provisions.
4. In case of any conflict among the provisions of this Agreement and the provisions of any Project ESA, the provisions of this Agreement shall prevail.

**E. Project Operations Manual**

1. The Recipient, through the MoE shall, and shall cause the PIE, to carry out the Project, throughout Project implementation, in accordance with a Project Operational Manual (“POM”), which shall consist of different schedules setting forth rules, methods, guidelines, specific development plans, standard documents, and procedures for the carrying out of the Project. The POM shall include, *inter alia*, provisions on the following:
  - (a) detailed description of all Project activities supported under this Agreement, their sequencing and the prospective timetable and benchmarks in relation thereto, including, *inter alia*, the process for:
    - (i) pipeline development activities for clean energy investments;
    - (ii) the procedures and processes for the revolving fund under Part 1 of the Project;
    - (iii) provision of energy services under the Energy Service Agreements signed with the Eligible Facilities; and
    - (iv) provision of capacity building activities.
  - (b) description of institutional arrangements of the Project, including *inter alia*, the role of the Project Steering Committee, key ministries, and beneficiary institutions, the qualifications and tasks of staff of the PIE assigned to support the implementation of the Project, the role of the PMC, as applicable;

- (c) the environmental and social safeguard instruments and arrangements, including the grievance mechanism, and gender and citizen engagement for the Project;
  - (d) the financial management and arrangements for the Project as set forth in a financial management manual portion of the POM;
  - (e) procurement arrangements;
  - (f) Project monitoring, evaluation, reporting, and communications;
  - (g) the Verification Protocols; and
  - (h) the requirements of the Anti-Corruption Guidelines.
2. The Recipient, through MoE shall cause the Project to be carried out by the PIE in accordance with the arrangements, procedures and guidelines set forth in the POM, provided, however, that in case of any conflict between the arrangements and procedures set out in the POM and the provisions of this Agreement, the provisions of this Agreement shall prevail.
3. The POM, and any provision thereof, shall not be assigned, amended, abrogated or waived, nor shall be permitted to be assigned, amended, abrogated or waived, without the prior written consent of the Association.

**F. Annual Work Plan and Budget**

1. The Recipient shall, and shall cause the Project Implementing Entity to:
- (a) unless otherwise agreed with the Association, prepare and furnish to the Association not later than November 30 of each year during the implementation of the Project, starting on January 1, 2023, a proposed Annual Work Plan and Budget for the next calendar year containing: (i) all activities to be carried out under the Project during that calendar year; and (ii) a proposed financing plan for expenditures required for such activities, setting forth the proposed amounts and sources of financing; and (iii) for activities under Part 1 of the Project specifying whether the activities will be financed out of Part 1(a) of the Project or under Part 1(b) of the Project; and
  - (b) provide the Association a reasonable opportunity to exchange views with the Recipient on each such proposed Annual Work Plan and Budget, and shall thereafter ensure that the Project is implemented with due diligence during said following year, in accordance with such Annual Work Plan and Budget as shall have been approved by the Association; and not make or allow to be made any change to the approved Annual Work Plan and Budget without the Association's prior written approval.

**G. Verification and Performance Based Conditions**

1. Not later than two (2) months after the Effective Date, the Recipient, through the Ministry of Energy, shall ensure Verification Agent(s) are appointed to carry out, under terms of reference satisfactory to the Association, a verification review of Project implementation.
2. The Recipient, through the MoE, shall, and shall cause the PIE to, verify, through the Verification Agent and in accordance with the Verification Protocol, achievement of the PBCs set forth in the table of Schedule 4 to this Agreement.
3. The Recipient shall cause the PIE to, not later than thirty (30) days after the verification of compliance with the PBCs has been completed, prepare and furnish to the Recipient and the Association, a report on the results of said verification process of such scope and in such detail as the Association shall reasonably request, and recommend corresponding payments to be made, as applicable, under Category (2).
4. The Recipient shall, and shall cause the PIE to, submit to the Association, on a semesterly basis, the Verification Agent's verification review report, satisfactory to the Association, related to the use of the proceeds of the Financing. The final independent verification report shall be furnished to the Association not later than three (3) months after the end of the last withdrawal of the proceeds of the Financing allocated under Category (2) of the table set forth in Section III.A of Schedule 2 to this Agreement.

**H. Environmental and Social Standards**

1. The Recipient, through MoE, shall, and shall cause the PIE to, ensure that the Project is carried out, in accordance with the Environmental and Social Standards ("ESS"), in a manner acceptable to the Association.
2. Without limitation upon paragraph 1 above, the Recipient shall, and shall cause the Project Implementing Entity to, ensure that the Project is implemented in accordance with the Environmental and Social Commitment Plan ("ESCP"), in a manner acceptable to the Association. To this end, the Recipient shall, and shall cause the Project Implementing Entity to, ensure that:
  - (a) the measures and actions specified in the ESCP are implemented with due diligence and efficiency, as provided in the ESCP;
  - (b) sufficient funds are available to cover the costs of implementing the ESCP;
  - (c) policies and procedures are maintained, and qualified and experienced staff in adequate numbers are retained to implement the ESCP, as provided in the ESCP; and

- (d) the ESCP, or any provision thereof, is not amended, repealed, suspended or waived, except as the Association shall otherwise agree in writing, as specified in the ESCP, and ensure that the revised ESCP is disclosed promptly thereafter.
- 3. In case of any inconsistencies between the ESCP and the provisions of this Agreement, the provisions of this Agreement shall prevail.
- 4. The Recipient shall, and shall cause the PIE to, ensure that:
  - (a) all measures necessary are taken to collect, compile, and furnish to the Association through regular reports, with the frequency specified in the ESCP, and promptly in a separate report or reports, if so requested by the Association, information on the status of compliance with the ESCP and the environmental and social instruments referred to therein, all such reports in form and substance acceptable to the Association, setting out, inter alia: (i) the status of implementation of the ESCP; (ii) conditions, if any, which interfere or threaten to interfere with the implementation of the ESCP; and (iii) corrective and preventive measures taken or required to be taken to address such conditions; and
  - (b) the Association is promptly notified of any incident or accident related to or having an impact on the Project which has, or is likely to have, a significant adverse effect on the environment, the affected communities, the public or workers, in accordance with the ESCP, the environmental and social instruments referenced therein and the Environmental and Social Standards.
- 5. The Recipient, through MoE shall, and shall cause the PIE to, establish, publicize, maintain and operate an accessible grievance mechanism, to receive and facilitate resolution of concerns and grievances of Project-affected people, and take all measures necessary and appropriate to resolve, or facilitate the resolution of, such concerns and grievances, in a manner acceptable to the Association.
- 6. The Recipient, through the MoE, shall, and shall cause the PIE to, ensure that all bidding documents and contracts for civil works under the Project include the obligation of contractors, subcontractors and supervising entities to:
  - (a) comply with the relevant aspects of ESCP and the environmental and social instruments referred to therein; and
  - (b) adopt and enforce codes of conduct that should be provided to and signed by all workers, detailing measures to address environmental, social, health and safety risks, and the risks of sexual exploitation and abuse, sexual

harassment and violence against children, all as applicable to such civil works commissioned or carried out pursuant to said contracts.

**I. Contingent Emergency Response**

1. In order to ensure the proper implementation of contingent emergency response activities under Part 3 of the Project (“Contingent Emergency Response Part”), the Recipient shall ensure that:
  - (a) a manual (“CERC Manual”) is prepared and adopted in form and substance acceptable to the Association, which shall set forth detailed implementation arrangements for the Contingent Emergency Response Part, including: (i) any structures or institutional arrangements for coordinating and implementing the Contingent Emergency Response Part; (ii) specific activities which may be included in the Contingent Emergency Response Part, Eligible Expenditures required therefor (“Emergency Expenditures”), and any procedures for such inclusion; (iii) financial management arrangements for the Contingent Emergency Response Part; (iv) procurement methods and procedures for the Contingent Emergency Response Part; (v) documentation required for withdrawals of Financing amounts to finance Emergency Expenditures; (vi) a description of the environmental and social assessment and management arrangements for the Contingent Emergency Response Part; and (vii) a template Emergency Action Plan;
  - (b) the Emergency Action Plan is prepared and adopted in form and substance acceptable to the Association;
  - (c) the Emergency Response Part is carried out in accordance with the CERC Manual and the Emergency Action Plan; provided, however, that in the event of any inconsistency between the provisions of the CERC Manual or the Emergency Action Plan and this Agreement, the provisions of this Agreement shall prevail; and
  - (d) neither the CERC Manual or the Emergency Action Plan is amended, suspended, abrogated, repealed or waived without the prior written approval by the Association.
2. The Recipient shall ensure that the structures and arrangements referred to in the CERC Manual are maintained throughout the implementation of the Contingent Emergency Response Part, with adequate staff and resources satisfactory to Association.
3. The Recipient shall ensure that:

- (a) the environmental and social instruments required for the Contingent Emergency Response Part are prepared, disclosed, and adopted in accordance with the CERC Manual and the ESCP, and in form and substance acceptable to the Association; and
  - (b) the Contingent Emergency Response Part is carried out in accordance with the environmental and social instruments in a manner acceptable to the Association.
4. Activities under the Contingency Emergency Response Part shall be undertaken only after an Eligible Crisis or Emergency has occurred.

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

The Recipient shall furnish to the Association each Project Report not later than forty-five (45) after the end of each calendar semester, covering the calendar semester.

**Section III. Withdrawal of the Proceeds of the Financing**

**A. General**

Without limitation upon the provisions of Article II of the General Conditions and in accordance with the Disbursement and Financial Information Letter, the Recipient may withdraw the proceeds of the Financing to finance Eligible Expenditures; in the amount allocated and, if applicable, up to the percentage set forth against each Category of the following table:

<b>Category</b>	<b>Amount of the Credit Allocated (expressed in USD)</b>	<b>Percentage of Expenditures to be financed (exclusive of Taxes other than Withheld Taxes)</b>
(1) Goods, works, non-consulting services, and consulting services under Part 1(a) of the Project	88,000,000	100%
(2) Goods, works, non-consulting services, and consulting services under Part 1(b) of the Project and subject to PBCs	50,000,000	Up to 100% of Financing amount allocated to PBCs amount set out in Schedule 4 to this Agreement



<b>Category</b>	<b>Amount of the Credit Allocated (expressed in USD)</b>	<b>Percentage of Expenditures to be financed (exclusive of Taxes other than Withheld Taxes)</b>
(3) Goods, non-consulting services, consulting services (including audits), Operating Costs, and Training under 2 of the Project	5,000,000	100%
(4) Emergency Expenditures under Part 3 of the Project	0	100%
<b>TOTAL AMOUNT</b>	<b>143,000,000</b>	

**B. Withdrawal Conditions; Withdrawal Period.**

1. Notwithstanding the provisions of Part A above, no withdrawal shall be made:
  - (a) for payments made prior to the Signature Date, except that withdrawals up to an aggregate amount not to exceed \$28,600,000 may be made for payments made prior to this date but on or after twelve (12) months before the Signature Date, for Eligible Expenditures under Categories (1) and (3); or
  - (b) for payments under Category (1) and (2), unless the PMC is contracted by the Recipient, as referred to in Section I.B of Schedule 2 to this Agreement, in form and substance satisfactory to the Association, and subject to the provisions of Schedule 4 below (provided the Association and Recipient have not agreed otherwise pursuant to Section I.B.1 of Schedule to this Agreement); or
  - (c) for payments under Category (2) unless: (i) the Association has received evidence satisfactory to the Association that the PBCs related to Category (2) and specified in Schedule 4 have been fully met, and such evidence has been verified in accordance with the Verification Protocol and the POM; and (ii) the Association has confirmed that payments for clean energy investments have been made in accordance and in compliance with the procedures set forth in the POM.
  - (d) for Emergency Expenditures under Category (4), unless and until all of the following conditions have been met in respect of said expenditures:

- (i) the Recipient has determined that an Eligible Crisis or Emergency has occurred, and has furnished to the Association a request to withdraw Financing amounts under Category (3);
  - (ii) the Association has agreed with such determination, accepted said request, and notified the Recipient thereof; and
  - (iii) the Recipient has adopted the CERC Manual and Emergency Action Plan, in form and substance acceptable to the Association;
2. Notwithstanding the provisions of Part A of this Section, payments under Category (2) shall not exceed the maximum amounts allocated to the respective PBC(s) as provided in Schedule 4 to this Agreement.
3. Notwithstanding the provisions of Paragraphs 1(b) and 2 of this Part B, with respect to the PBCs related to Category (2), the Recipient may request withdrawals of the Financing when relevant expenditures have been incurred but prior to the PBCs having been met, provided that the Recipient shall: (a) meet such PBCs no later than the Closing Date; and (b) submit to the Association evidence satisfactory to the Association of such PBCs having been met no later than the Disbursement Deadline Date.
4. If by or before the Disbursement Deadline Date, the Recipient has failed to provide the Association evidence satisfactory to the Association that the PBCs related to Category (2) have been fully met, the Recipient shall, upon notice from the Association, promptly refund to the Association the Withdrawn Loan Balance related to such Category (2). Except as the Association may otherwise determine, the Association shall cancel all amounts refunded pursuant to this Section.
5. Notwithstanding the provisions of paragraphs 1(b) and 2 of this Part B, if the Association shall determine, based on the evidence provided by the Recipient under this Part B, that any PBC(s) have not been achieved or have been partially achieved in accordance with Schedule 4 to this Agreement, the Association may in its sole discretion, by notice to the Recipient:
  - (a) withhold in whole or in part the amount of the Financing allocated to such PBCs;
  - (b) disburse in whole or in part the amount of the Financing allocated to such PBC(s) at any later time when such PBC(s) are met;
  - (c) reallocate in whole or in part any amount of the Financing allocated to such PBC(s); or
  - (d) cancel in whole or in part any withheld amount of the Financing allocated to such PBC(s).

6. Notwithstanding the foregoing, if the Association determines, at any time, that any portion of the amounts disbursed by the Recipient under Category (2) was made for payment of expenditures that are not eligible, or not in compliance with the provisions of the POM, the Recipient shall, upon notice from the Association, promptly refund any such amount to the Association as the Association shall specify by notice to the Recipient.
7. The Closing Date is December 29, 2028.

**SCHEDULE 3**

**Repayment Schedule**

<b>Date Payment Due</b>	<b>Principal Amount of the Credit repayable (expressed as a percentage)*</b>
On each February 15 and August 15:	
commencing August 15, 2027 to and including February 15, 2047	<b>1.65</b>
commencing August 15, 2047 to and including February 15, 2052	<b>3.40</b>

\* The percentages represent the percentage of the principal amount of the Credit to be repaid, except as the Association may otherwise specify pursuant to Section 3.05 (b) of the General Conditions.

**SCHEDULE 4**

**Performance-Based Conditions under the Project**

The following table specifies the Performance-Based Conditions and the allocation of the amounts of the Credit to each PBC under Category (2):

<b>PBCs</b>	<b>Disbursement Amount (US\$)</b>	<b>Formula for scalable PBCs</b>
PBC 1. At least 3 Eligible Facilities renovations have been financed from repayments under the Project ESAs to demonstrate viability of the revolving financing mechanism.	15,000,000	US\$5,000,000 per Eligible Facility
PBC 2. The Recipient, through the MoE, has adopted selected regulations for energy audits, building energy performance, and Energy Service Contracts and thereafter implemented said regulations for Sample Buildings:	21,000,000 (total for PBC 2)	
PBC 2.1: The Recipient has adopted an energy audit regulation for the purpose of transposing International Standards for Energy Audits	5,000,000 (PBC 2.1)	
PBC 2.2: Energy audits reports for Sample Buildings have been issued in accordance with the regulations adopted by the Recipient in PBC 2.1	2,000,000 (PBC 2.2)	
PBC 2.3: The Recipient has adopted a building energy performance regulation in line with International Standards for Building Energy Performance	5,000,000 (PBC 2.3)	
PBC 2.4: A building energy performance report has been issued for one Sample Building in accordance with the regulations adopted by the Recipient in PBC 2.3	2,000,000 (PBC 2.4)	
PBC 2.5: The Recipient has adopted an amendment to the relevant regulations to enable public entities to conclude General Energy Service Agreements with private sector	5,000,000 (PBC 2.5)	

<b>PBCs</b>	<b>Disbursement Amount (US\$)</b>	<b>Formula for scalable PBCs</b>
companies for the purpose of implementing energy efficient investments		
PBC 2.6: General ESA has been concluded between a managing entity for an Eligible Facility and a private sector company for at least one Sample Building.	2,000,000 (PBC 2.6)	
PBC 3. At least three banks have entered into agreements with the PIE, all in a manner and substance satisfactory to the Association, to receive technical or financial support to enable them to provide clean energy financing for the buildings sector.	9,000,000	US\$3,000,000 for each bank
PBC 4. Evaluation of the net billing scheme completed by the PIE based on the installation and operation of a rooftop solar photovoltaic system for one year in one Sample Building.	5,000,000	

## APPENDIX

### Definitions

1. “Annual Work Plan and Budget” means any of the Recipient’s annual work plan and budget referred to in Section I.F of Schedule 2 to this Agreement. Each such plan may be amended from time to time in a manner acceptable to the Association.
2. “Anti-Corruption Guidelines” means, for purposes of paragraph 5 of the Appendix to the General Conditions, the “Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants”, dated October 15, 2006 and revised in January 2011 and as of July 1, 2016.
3. “Basis Adjustment to the Interest Charge” means the Association’s standard basis adjustment to the Interest Charge for credits in the currency of denomination of the Credit, in effect at 12:01 a.m. Washington, D.C. time, on the date on which the Credit is approved by the Executive Directors of the Association, and expressed either as a positive or negative percentage per annum.
4. “Basis Adjustment to the Service Charge” means the Association’s standard basis adjustment to the Service Charge for credits in the currency of denomination of the Credit, in effect at 12:01 a.m. Washington, D.C. time, on the date on which the Credit is approved by the Executive Directors of the Association, and expressed either as a positive or negative percentage per annum.
5. “Category” means a category set forth in the table in Section III.A of Schedule 2 to this Agreement.
6. “CERC Manual” or “Contingent Emergency Response Component Manual” means the manual referred to in Section I.B.1 (a) of Schedule 2 to this Agreement, as such manual may be updated from time to time with the agreement of the Association, and which is an integral part of the POM.
7. “Contingent Emergency Response Part” means any activity or activities to be carried out under Part 3 of the Project to respond to an Eligible Crisis or Emergency.
8. “d-RE” means distributed renewable energy.
9. “Disbursement Deadline Date” means the final date, established by the Association, for the receipt by the Association of applications for withdrawal and supporting documentation.
10. “EE” means energy efficiency.

11. “Eligible Crisis or Emergency” means an event that has caused, or is likely to imminently cause, a major adverse economic and/or social impact to the Recipient, associated with a natural or man-made crisis or disaster.
12. “Eligible Facility” means a public building (including *inter alia* kindergartens; day-care facilities; public primary, secondary, and high schools; dormitories; student hostels; specialized schools (for example, sports and cultural schools); central, regional, and municipal hospitals; rural clinics; and associated administrative buildings) owned by the Recipient that meets the appropriate criteria set forth in the Project Operations Manual and selected in accordance with the eligibility criteria and procedures set forth in the Project Operations Manual. “Eligible Facilities” mean any two or more Eligible Facilities.
13. “Emergency Action Plan” means the plan referred to in Section I.B.1 (b), detailing the activities, budget, implementation plan, and monitoring and evaluation arrangements, to respond to the Eligible Crisis or Emergency.
14. “Emergency Expenditures” means any of the eligible expenditures set forth in the CERC Manual referred to in Section I.B.1 (a) of Schedule 2 to this Agreement and required for the Contingency Emergency Response Part.
15. “Environmental and Social Commitment Plan” or “ESCP” means the environmental and social commitment plan for the Project, dated May 25, 2022, as the same may be amended from time to time in accordance with the provisions thereof, which sets out the material measures and actions that the Recipient shall carry out or cause to be carried out to address the potential environmental and social risks and impacts of the Project, including the timeframes of the actions and measures, institutional, staffing, training, monitoring and reporting arrangements, and any environmental and social instruments to be prepared thereunder.
16. “Environmental and Social Standards” or “ESSs” means, collectively: (i) “Environmental and Social Standard 1: Assessment and Management of Environmental and Social Risks and Impacts”; (ii) “Environmental and Social Standard 2: Labor and Working Conditions”; (iii) “Environmental and Social Standard 3: Resource Efficiency and Pollution Prevention and Management”; (iv) “Environmental and Social Standard 4: Community Health and Safety”; (v) “Environmental and Social Standard 5: Land Acquisition, Restrictions on Land Use and Involuntary Resettlement”; (vi) “Environmental and Social Standard 6: Biodiversity Conservation and Sustainable Management of Living Natural Resources”; (vii) “Environmental and Social Standard 7: Indigenous Peoples/Sub-Saharan Historically Underserved Traditional Local Communities”; (viii) “Environmental and Social Standard 8: Cultural Heritage”; (ix) “Environmental and Social Standard 9: Financial Intermediaries”; and (x) “Environmental and Social Standard 10: Stakeholder Engagement and Information Disclosure”; effective on October 1, 2018, as published by the Association.



17. “General Conditions” means the “International Development Association General Conditions for IDA Financing, Investment Project Financing”, dated December 14, 2018 (revised on August 1, 2020, April 1, 2021 and January 1, 2022).
18. “General Energy Service Agreement” or “General ESA” means the agreement concluded between a private sector company and the managing entity of an Eligible Facility for the purposes of achieving energy efficiency.
19. “International Standard for Building Energy Performance” means the international standards for the carrying out of building energy performance, such as ISO- 52000- or other internationally recognized standard proposed by the Recipient and acceptable to the Association.
20. “International Standard for Energy Audit” means the international standards for the carrying out of energy audits such as ISO 50002 or “Article 8 of the Directive 2012/27/EU of the European Parliament and of the Council of 25 October 2012 on Energy Efficiency” or other internationally recognized standard proposed by the Recipient and acceptable to the Association.
21. “MoE” means the Recipient’s Ministry of Energy, or any successor thereto acceptable to the Association.
22. “MoEF” means the Recipient’s Ministry of Economy and Finance, or its successor thereto acceptable to the Association.
23. “MoH” means the Recipient’s Ministry of Health, or any successor thereto acceptable to the Association.
24. “MoIIT” means the Recipient’s Ministry of Investments, Industry and Trade, or any successor thereto acceptable to the Association.
25. “MoPSE” means the Recipient’s Ministry of Preschool and Secondary Education, or any successor thereto acceptable to the Association.
26. “Operating Costs” means the incremental and reasonable expenses incurred by the Recipient and other entities of the Recipient on account of Project implementation, management, monitoring and reporting, including office supplies, office equipment maintenance, communication, local travel, vehicles operation and maintenance, expenses for accident insurance of staff and for third party liability insurance of drivers, commercial bank charges, salaries of the support staff (including the uniform social charges and the applicable income tax retained at the source but excluding salaries of civil servants of the Recipient), as such expenditures are set forth in the Recipient’s semi-annual budget, satisfactory to the Association, and such other expenditures as may be agreed upon by the Association.

27. “Performance Based Condition” or “PBC” means any of the conditions referred to in Schedule 4 of this Agreement. “Performance-Based Conditions” or “PBCs” means the plural thereof.
28. “PIE Agreement” means the agreement referred to under Section I.C of Schedule 2 to this Agreement.
29. “PMC” means the Project management company which may be contracted by the PIE, as further referred to in Section I.B of Schedule 2 to this Agreement and the POM.
30. “Procurement Regulations” means, for purposes of paragraph 87 of the Appendix to the General Conditions, the “World Bank Procurement Regulations for IPF Borrowers”, dated November 2020.
31. “Project Energy Service Agreement” or “Project ESA” means the agreement set forth in Section I.D of Schedule 2 to this Agreement; and “Project Energy Service Agreements” or “Project ESAs” means any two or more Energy Service Agreements.
32. “Project Implementing Entity” or PIE means the Extra-budgetary Intersectoral Energy Saving Project Implementing Entity under the Ministry of Energy of the Republic of Uzbekistan, established through the Project Implementing Entity’s Legislation, responsible for implementation of the Project, or its successor thereof.
33. “Project Implementing Entity’s Legislation” means the constitutive documents of the Project Implementing Entity approved by President of the Republic of Uzbekistan through Decree No. 640, October 9, 2020.
34. “Project Operational Manual” or “POM” means the manual set forth in Section I.E of Schedule 2 to this Agreement, as it may be amended from time to time in a manner acceptable to the Association.
35. “Sample Building” means an Eligible Facility that has been selected by the Recipient through the MoE and the PIE with agreement of the Association in accordance with the eligibility criteria and procedures set forth in the Project Operations Manual, for the purposes of implementation of key secondary legislation on energy audits, building energy performance, and Energy Service Contracts.
36. “Signature Date” means the later of the two dates on which the Recipient and the Association signed this Agreement and such definition applies to all references to “the date of the Financing Agreement” in the General Conditions.
37. “Training” means reasonable expenditures, as approved by the Association, incurred for the carrying out of training activities and study tours under the Project,

including, costs of travel and *per diem* of trainers and trainees, cost of workshops, rental of training facilities and equipment, and training materials, all based on a semi-annual budget acceptable to the Association.

38. “Withheld Taxes” means the following taxes withheld at source: taxes for social charges; income taxes for residents and non-residents; and custom registrations duties withheld at the source.