
LOAN NUMBER 9725-UZ

Loan Agreement

(Second Inclusive and Resilient Market Economy Development Policy Financing)

between

REPUBLIC OF UZBEKISTAN

and

**INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT**

LOAN AGREEMENT

AGREEMENT dated as of the Signature Date between REPUBLIC OF UZBEKISTAN (“Borrower”) and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (“Bank”) for the purpose of providing financing in support of the Program (as defined in the Appendix to this Agreement). The Bank has decided to provide this financing on the basis, *inter alia*, of: (i) the actions which the Borrower has already taken under the Program and which are described in Section I of Schedule 1 to this Agreement; and (ii) the Borrower’s maintenance of an adequate macroeconomic policy framework. The Borrower and the Bank therefore 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 — LOAN

- 2.01. The Bank agrees to lend to the Borrower the amount of two hundred sixty million Dollars (\$260,000,000), as such amount may be converted from time to time through a Currency Conversion (“Loan”).
- 2.02. The Front-end Fee is one quarter of one percent (0.25%) of the Loan amount.
- 2.03. The Commitment Charge is one quarter of one percent (0.25%) per annum on the Unwithdrawn Loan Balance.
- 2.04. The interest rate is the Reference Rate plus the Variable Spread or such rate as may apply following a Conversion; subject to Section 3.02(e) of the General Conditions.
- 2.05. The Payment Dates are May 15 and November 15 in each year.
- 2.06. The principal amount of the Loan shall be repaid in accordance with Schedule 2 to this Agreement.
- 2.07. Without limitation upon the provisions of Section 5.05 of the General Conditions, the Borrower shall promptly furnish to the Bank such information relating to the provisions of this Article II as the Bank may, from time to time, reasonably request.

ARTICLE III — PROGRAM

- 3.01. The Borrower declares its commitment to the Program and its implementation. To this end, and further to Section 5.05 of the General Conditions:

- (a) the Borrower and the Bank shall from time to time, at the request of either party, exchange views on the Borrower's macroeconomic policy framework and the progress achieved in carrying out the Program;
- (b) prior to each such exchange of views, the Borrower shall furnish to the Bank for its review and comment a report on the progress achieved in carrying out the Program, in such detail as the Bank shall reasonably request; and
- (c) without limitation upon paragraph (a) and (b) of this Section, the Borrower shall promptly inform the Bank of any situation that would have the effect of materially reversing the objectives of the Program or any action taken under the Program including any action specified in Section I of Schedule 1 to this Agreement.

ARTICLE IV — REMEDIES OF THE BANK

- 4.01. The Additional Event of Suspension consists of the following, namely, that a situation has arisen which shall make it improbable that the Program, or a significant part of it, will be carried out.
- 4.02. The Additional Event of Acceleration consists of the following, namely, that 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 Bank is satisfied with the progress achieved by the Borrower in carrying out the Program and with the adequacy of the Borrower's macroeconomic policy framework.
 - (b) The Financing Agreement has been executed and delivered and all conditions precedent to its effectiveness or to the right of the Borrower to make withdrawals under it (other than the effectiveness of this Loan Agreement) have been fulfilled.
 - (c) The SUW Financing Agreement has been executed and delivered and all conditions precedent to its effectiveness or to the right of the Borrower to make withdrawals under it (other than the effectiveness of this Loan Agreement) have been fulfilled.
- 5.02. The Effectiveness Deadline is the date ninety (90) days after the Signature Date.

ARTICLE VI — REPRESENTATIVE; ADDRESSES

- 6.01. The Borrower's Representative is its Minister of Economy and Finance.
- 6.02. For purposes of Section 10.01 of the General Conditions:
 - (a) the Borrower's address is:

Ministry of Economy and Finance
29, Istiklol St.
Tashkent, Republic of Uzbekistan; and

(b) the Borrower's Electronic Address is:

Facsimile:
(998-71) 203-5050

6.03. For purposes of Section 10.01 of the General Conditions:

(a) the Bank's address is:

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

(b) the Bank's Electronic Address is:

Telex:	Facsimile:
248423(MCI) or	1-202-477-6391
64145(MCI)	

AGREED as of the Signature Date.

REPUBLIC OF UZBEKISTAN

By

Djamshid kuchkarov

Authorized Representative

Name: Djamshid Kuchkarov

Title: MINISTER OF ECONOMY AND FINANCE

Date: 04-Oct-2024

**INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT**

By

Tatiana Proskuryakova

Authorized Representative

Name: Tatiana Proskuryakova

Title: Country Director for Central Asia

Date: 04-Oct-2024

SCHEDULE 1

Program Actions; Availability of Loan Proceeds

Section I. Actions under the Program

The actions taken by the Borrower under the Program include the following:

1. To further strengthen the financial viability and sustainability of the energy sector, the Borrower has approved a tiered tariff structure and increased tariffs to accelerate the removal of energy subsidies (as evidenced by Resolution of the Cabinet of Ministers No. 204, dated April 16, 2024).
2. To further strengthen the legal and regulatory framework to promote competition in the energy sector while protecting affordable access, the Borrower has: (i) approved a lifeline tariff to protect low-income households (as evidenced by Resolution of the Cabinet of Ministers No.204, dated April 16, 2024); and (ii) submitted an Electricity Law for Parliamentary approval, to improve the legal, regulatory, and institutional framework and promote private sector participation, with renewable energy as a priority (as evidenced by the letter of submission dated June 14, 2024).
3. To make railway reform more effective, the Borrower has: (i) submitted a Law on Railway Transport for Parliamentary approval that modifies the legal framework on competition regulation and tariff reform, promotes the shift to low-carbon transport, continues the organizational structuring of *O'zbekiston temir yo'llari* (JSC Uzbekistan Railways) and clarifies the role of the state in the railways sector (as evidenced by the letter of submission dated July 15, 2024); and (ii) through its Ministry of Transport, approved the contractual framework for the first Public Service Agreement (as evidenced by Resolution of the Cabinet of Ministers No. 425, dated July 16, 2024).
4. To continue the liberalization of the agriculture sector and strengthen land tenure security in line with climate resilience, the Borrower has submitted amendments to the Land Code for Parliamentary approval, that remove the requirements on minimum farm yield and the mandatory farmers' membership in the Farmers Council in order to maintain land rental contracts (as evidenced by the letter of submission to Parliament dated May 6, 2024).
5. To improve the competitive investment environment, the Borrower has submitted a Law on Investments and Investment Activities for Parliamentary approval that strengthens investor protection guarantees and investor services and increases climate change investments (as evidenced by the letter of submission to Parliament dated July 15, 2024).
6. To strengthen public financial management, the Borrower has:
 - (i) begun regular publication of a new climate-informed fiscal risk statement, which covers major fiscal risks and contingent liabilities, including fiscal commitments arising from public-private partnership contracts, both explicit and contingent, and from both effective and signed PPP contracts

(as evidenced by the “Review of Macro-Fiscal Risks” statement published by the Ministry of Economy and Finance, dated June 26, 2024);

- (ii) begun regular publication on the website of the Department for Implementation of PPP Projects a report of signed PPP contracts from February 2020, including details of parties and contract amounts (as evidenced by the website www.pppda.uz); and
 - (iii) submitted amendments to the Public Procurement Law for Parliamentary approval, including amendments that promote climate change priorities through the public procurement system and strengthen the system’s integrity, transparency and openness (as evidenced by the letter of submission to Parliament dated June 14, 2024).
7. To support climate-responsive social inclusion, the Borrower has:
- (i) submitted a Law on State Social Insurance for Parliamentary approval that establishes a contributory system of unemployment, sickness, and maternity benefits (as evidenced by the letter of submission to Parliament dated July 16, 2024); and
 - (ii) submitted amendments to the Criminal Code for Parliamentary approval that remove domestic violence cases from the list of criminal cases that can be resolved through reconciliation prior to a court hearing (as evidenced by the letter of submission to Parliament dated June 14, 2024).
8. To reduce greenhouse gas emissions from primary energy sources, including oil, coal, and natural gas, through energy efficiency measures, the Borrower has submitted a Law on Energy Conservation and Efficient Use of Energy for Parliamentary approval (as evidenced by the letter of submission to Parliament dated June 14, 2024).
9. To clarify institutional responsibilities in the water sector, and strengthen the principles of effective management of water resources to improve societal well-being and climate resilience, the Borrower has submitted a Water Code for Parliamentary approval (as evidenced by the letter of submission to Parliament dated July 3, 2024).
10. To strengthen the regulatory framework for environmental impact assessment, the Borrower has submitted a Law on Environmental Expert Review and Environmental Impact Assessment (“EIA”) for Parliamentary approval that strengthens EIA regulations to include climate change risks and other enhancements to raise the standard of environmental impact assessments (as evidenced by the letter of submission to Parliament dated July 9, 2024).
11. To further reduce emissions, the Borrower has: (i) adopted new air quality standards for PM2.5 to support greenhouse gas reductions (as evidenced by the Resolution No.13 of the Sanitary-Epidemiology and Public Wellbeing Committee under the Ministry of Health dated May 21, 2024 as registered by the Ministry of Justice under No.253, on May 27, 2024); and (ii) enacted measures to reduce

transport sector emissions (as evidenced by Presidential Decree No.37 dated February 21, 2024, and Resolution of the Cabinet of Ministers No.166 dated March 29, 2024).

12. To channel financing to climate investments, the Borrower has: (i) approved the alignment of state financial support programs with support for climate-friendly technologies, and approved as the main shareholder a new strategy for the State Fund for Supporting Entrepreneurship (as evidenced by Presidential Decree No.193 dated November 10, 2023); and (ii) adopted regulatory amendments to the existing capital market regulations and established technical standards for the issuance of corporate green bonds (as evidenced by (a) Amendment 2000-10 dated June 7, 2024, to the Rules for the Issue of Securities and State Registration of Issues; and (b) Order No. 51 of the Director of the National Agency of Prospective Projects dated June 14, 2024).

Section II. Availability of Loan Proceeds

- A. General.** The Borrower may withdraw the proceeds of the Loan in accordance with the provisions of this Section and such additional instructions as the Bank may specify by notice to the Borrower.
- B. Allocation of Loan Amounts.** The Loan is allocated in: (a) a single withdrawal tranche, from which the Borrower may make withdrawals of the Loan proceeds; and (b) the amounts requested by the Borrower to pay (A) the Front-end Fee and (B) each Interest Rate Cap or Interest Rate Collar premium. The allocation of the amounts of the Loan to this end is set out in the table below:

Allocations	Amount of the Loan Allocated (expressed in Dollars)
(1) Single Withdrawal Tranche	259,350,000
(2) Front-end Fee	650,000
(3) Amount due pursuant to Section 4.05 (c) of the General Conditions	0
TOTAL AMOUNT	260,000,000

C. Withdrawal Tranche Release Conditions.

1. No withdrawal shall be made of the Single Withdrawal Tranche unless the Bank is satisfied: (a) with the Program being carried out by the Borrower; and (b) with the adequacy of the Borrower's macroeconomic policy framework.

D. Deposit of Loan Amounts.

1. Notwithstanding the provisions of Section 2.03 of the General Conditions:
 - (a) the Borrower shall open, prior to furnishing to the Bank the first request for withdrawal from the Loan Account, and thereafter maintain the following dedicated account on terms and conditions satisfactory to the Bank: (i) a dedicated account in Dollars ("Foreign Currency Dedicated Account") at the Central Bank of Uzbekistan; and
 - (b) all withdrawals from the Loan Account shall be deposited by the Bank into the Foreign Currency Dedicated Account. Upon each deposit of an amount of the Loan into the Foreign Currency Dedicated Account, the Borrower shall deposit an equivalent amount into the Treasury Single Account System.
2. The Borrower, within thirty (30) days after the withdrawal of the Loan from the Loan Account, shall report to the Bank: (a) the exact sum received into the Foreign Currency Dedicated Account; (b) the details of the account to which the Sum equivalent of the Loan proceeds will be credited; (c) the record that an equivalent amount has been accounted for in the Borrower's budget management systems; and (d) the statement of receipts and disbursement of the Foreign Currency Dedicated Account.

E. Closing Date. The Closing Date is December 31, 2026.

SCHEDULE 2

Commitment-Linked Amortization Repayment Schedule

The following table sets forth the Principal Payment Dates of the Loan and the percentage of the total principal amount of the Loan payable on each Principal Payment Date (“Installment Share”).

Level Principal Repayments

Principal Payment Date	Installment Share
On each May 15 and November 15	
Beginning November 15, 2029 through May 15, 2049	2.5 %

APPENDIX

Section I. Definitions

1. “Cabinet of Ministers” means the Cabinet of Ministers of the Republic of Uzbekistan.
2. “Department for Implementation of PPP Projects” means the Department for Implementation of PPP Projects of the MEF;
3. “Financing Agreement” means the financing agreement for the Program between the Borrower and the Association, dated the same date as this Agreement, as such financing agreement may be amended from time to time (Credit numbers: Credit (A): 7629-UZ; and Credit (B): 7630-UZ). “Financing Agreement” includes all appendices, schedules and agreements supplemental to the Financing Agreement.
4. “Foreign Currency Dedicated Account” means the account referred to in Part D.1(a) of Section II of Schedule 1 to this Agreement.
5. “General Conditions” means the “International Bank for Reconstruction and Development General Conditions for IBRD Financing, Development Policy Financing”, dated December 14, 2018 (last revised on July 15, 2023).
6. “Loan Agreement” means this Agreement, including all appendices, schedules and agreements supplemental to it.
7. “Ministry of Economy and Finance” or the acronym “MEF” means the Borrower’s Ministry of Economy and Finance or any successor thereto acceptable to the Bank.
8. “National Agency of Prospective Projects” means the Borrower’s National Agency of Prospective Projects.
9. “President” means the President of the Republic of Uzbekistan.
10. “Program” means the program of objectives, policies, and actions set forth or referred to in the letter dated August 19, 2024 from the Borrower to the Bank declaring the Borrower’s commitment to the execution of the Program, and requesting assistance from the Bank in support of the Program during its execution and comprising actions taken, including those set forth in Section I of Schedule 1 to this Agreement, and actions to be taken consistent with the program’s objectives.
11. “Signature Date” means the later of the two dates on which the Borrower and the Bank signed this Agreement and such definition applies to all references to “the date of the Financing Agreement” in the General Conditions.
12. “Single Withdrawal Tranche” means the amount of the Loan allocated to the category entitled “Single Withdrawal Tranche” in the table set forth in Part B of Section II of Schedule 1 to this Agreement.
13. “Sum” means the Borrower’s lawful currency.

14. “SUW Financing Agreement” means the scale-up window financing agreement for the Program between the Borrower and the Association, dated the same date as this Agreement, as such financing agreement may be amended from time to time (Credit number 7631-UZ). “SUW Financing Agreement” includes all appendices, schedules, and agreements supplemental to the SUW Financing Agreement.
15. “Treasury Single Account System” means the Borrower’s single treasury accounts held at the Central Bank of Uzbekistan in Sums and foreign currency and used to make payments for budgeted expenses.