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**CREDIT (A) NUMBER 7629-UZ**  
**CREDIT (B) NUMBER 7630-UZ**

# **Financing Agreement**

**(Second Inclusive and Resilient Market Economy Development Policy Financing)**

**between**

**REPUBLIC OF UZBEKISTAN**

**and**

**INTERNATIONAL DEVELOPMENT ASSOCIATION**

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## **FINANCING AGREEMENT**

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

- 2.01. The Association agrees to extend to the Recipient credits, which are deemed as Concessional Financing for purposes of the General Conditions, (collectively, “Financing”), in the following amounts:
  - (a) the amount of one hundred ninety million two hundred thousand Dollars (\$ 190,200,000 (“Credit (A)”); and
  - (b) the amount of two hundred seven million two hundred thousand Dollars (\$ 207,200,000 (“Credit (B)”).
- 2.02. The Maximum Commitment Charge Rate is one-half of one percent (1/2 of 1%) per annum on the Unwithdrawn Financing Balance.
- 2.03. The Service Charge is applicable only to Credit (A) and 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to the Service Charge; and (b) three-fourths of one percent (3/4 of 1%) per annum; on the amounts of Credit (A) withdrawn from the Credit Account for Credit (A).
- 2.04. The Interest Charge is applicable only to Credit (A) and 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 amounts of Credit (A) withdrawn from the Credit Account for Credit (A).

- 2.05. The Payment Dates are May 15 and November 15 in each year.
- 2.06. The principal amount of the Financing shall be repaid in accordance with the repayment schedule set forth in Schedule 2 to this Agreement.
- 2.07. The Payment Currency is Dollar.
- 2.08. Without limitation upon the provisions of Section 5.05 of the General Conditions, the Recipient shall promptly furnish to the Association such information relating to the provisions of this Article II as the Association may, from time to time, reasonably request.

### **ARTICLE III — PROGRAM**

- 3.01. The Recipient declares its commitment to the Program and its implementation. To this end, and further to Section 5.05 of the General Conditions:
  - (a) the Recipient and the Association shall from time to time, at the request of either party, exchange views on the Recipient's macroeconomic policy framework and the progress achieved in carrying out the Program;
  - (b) prior to each such exchange of views, the Recipient shall furnish to the Association for its review and comment a report on the progress achieved in carrying out the Program, in such detail as the Association shall reasonably request; and
  - (c) without limitation upon the provisions of paragraphs (a) and (b) of this Section, the Recipient shall promptly inform the Association 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 ASSOCIATION**

- 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 Association is satisfied with the progress achieved by the Recipient in carrying out the Program and with the adequacy of the Recipient's macroeconomic policy framework.
- (b) The Loan Agreement has been executed and delivered and all conditions precedent to its effectiveness or to the right of the Recipient to make withdrawals under it (other than the effectiveness of this Financing 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 Recipient to make withdrawals under it (other than the effectiveness of this Financing 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 Recipient's Representative is its 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  
29, Istiklol St.  
Tashkent, Republic of Uzbekistan; and

(b) the Recipient's Electronic Address is:

Facsimile:  
(998-71) 203-5050

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:

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

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 DEVELOPMENT ASSOCIATION**

**By**

*Tatiana Proskuryakova*

\_\_\_\_\_  
**Authorized Representative**

**Name:** Tatiana Proskuryakova

**Title:** Country Director for Central Asia

**Date:** 04-Oct-2024

## SCHEDULE 1

### Program Actions; Availability of Financing Proceeds

#### Section I. Actions under the Program

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

1. To further strengthen the financial viability and sustainability of the energy sector, the Recipient 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 Recipient 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 Recipient 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 Recipient 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 Recipient 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 Recipient has:

- (i) begun regular publication 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](http://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 Recipient 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 Recipient 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 Recipient 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 Recipient 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 Recipient 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 Recipient 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<sup>th</sup>, 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 Financing Proceeds**

- A. **General.** The Recipient may withdraw the proceeds of the Financing in accordance with the provisions of this Section and such additional instructions as the Association may specify by notice to the Recipient.
- B. **Allocation of Financing Amounts.** The Financing is allocated in a single withdrawal tranche, from which the Recipient may make withdrawals of the Financing proceeds. The allocation of the amounts of the Financing to this end is set out in the table below:

<b>Allocations</b>	<b>Amount of Credit (A) Allocated (expressed in USD)</b>	<b>Amount of Credit (B) Allocated (expressed in USD)</b>
(1) Single Withdrawal Tranche	190,200,000	207,200,000
<b>TOTAL AMOUNT</b>	<b>190,200,000</b>	<b>207,200,000</b>



**C. Withdrawal Tranche Release Conditions.**

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

**D. Deposit of Financing Amounts.**

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

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

**SCHEDULE 2**

**Repayment Schedule**

**A. Repayment of Credit (A)**

<b>Date Payment Due</b>	<b>Principal Amount of Credit (A) repayable (expressed as a percentage)*</b>
On each May 15 and November 15: commencing November 15, 2029 to and including May 15, 2049	<b>1.65%</b>
commencing November 15, 2049 to and including May 15, 2054	<b>3.40%</b>

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

**B. Repayment of Credit (B)**

<b>Date Payment Due</b>	<b>Principal Amount of Credit (B) repayable (expressed as a percentage)*</b>
On each May 15 and November 15: commencing November 15, 2030 to and including November 15, 2035	<b>8.33334%</b>
On May 15, 2036	<b>8.33326%</b>

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

## APPENDIX

### Section I. Definitions

1. “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 Credit (A), in effect at 12:01 a.m. Washington, D.C. time, on the date on which Credit (A) is approved by the Executive Directors of the Association, and expressed as a percentage per annum.
2. “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 Credit (A), in effect at 12:01 a.m. Washington, D.C. time, on the date on which Credit (A) is approved by the Executive Directors of the Association, and expressed as a percentage per annum.
3. “Cabinet of Ministers” means the Cabinet of Ministers of the Republic of Uzbekistan.
4. “Credit (A)” means the credit in the amount referenced in Section 2.01(a) of this Agreement (Credit number 7629-UZ) and the Credit for the purposes of paragraph 24 of the Appendix to the General Conditions.
5. “Credit (A) Foreign Currency Dedicated Account” means the account referred to in Part D.1(a)(i) of Section II of Schedule 1 to this Agreement.
6. “Credit (B)” means the credit in the amount referenced in Section 2.01(b) of this Agreement (Credit number 7630-UZ) and the Credit for the purposes of paragraph 24 of the Appendix to the General Conditions.
7. “Credit (B) Foreign Currency Dedicated Account” means the account referred to in Part D.1(a)(ii) of Section II of Schedule 1 to this Agreement.
8. “Department for Implementation of PPP Projects” means the Department for Implementation of PPP Projects of the MEF;
9. “Financing Agreement” means this Agreement, including all appendices, schedules and agreements supplemental to it.
10. “Foreign Currency Dedicated Accounts” means the Credit (A) Foreign Currency Dedicated Account and the Credit (B) Foreign Currency Dedicated Account.
11. “General Conditions” means the “International Development Association General Conditions for IDA Financing, Development Policy Financing”, dated December 14, 2018 (Last revised on July 15, 2023).
12. “Loan Agreement” means the loan agreement for the Program between the Recipient and the Bank, dated the same date as this Agreement, as such loan agreement may be amended from time to time (Loan number 9725-UZ). “Loan Agreement” includes all appendices, schedules and agreements supplemental to the Loan Agreement.

13. “Ministry of Economy and Finance” or the acronym “MEF” means the Recipient’s Ministry of Economy and Finance or any successor thereto acceptable to the Association.
14. “National Agency of Prospective Projects” means the Recipient’s National Agency of Prospective Projects.
15. “President” means the President of the Republic of Uzbekistan.
16. “Program” means the program of objectives, policies, and actions set forth or referred to in the letter dated August 19, 2024 from the Recipient to the Association declaring the Recipient’s commitment to the execution of the Program, and requesting assistance from the Association 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.
17. “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.
18. “Single Withdrawal Tranche” means the amount of the Financing 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.
19. “Sum” means the Recipient’s lawful currency.
20. “SUW Financing Agreement” means the scale-up window financing agreement for the Program between the Recipient 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 such agreement.
21. “Treasury Single Account System” means the Recipient’s single treasury accounts held at the Central Bank of Uzbekistan in Sums and foreign currency and used to make payments for budgeted expenses.