

Host Country Agreement

by and between

REPUBLIC OF UZBEKISTAN

and

**INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
AS TRUSTEE OF THE TRANSFORMATIVE CARBON ASSET FACILITY**

Dated 04-Oct-2023

HOST COUNTRY AGREEMENT

This HOST COUNTRY AGREEMENT (“**Agreement**”) is entered into by the REPUBLIC OF UZBEKISTAN (“**Host Country**”), represented by the Ministry of Economy and Finance (“**MoEF**”) which expression shall, where the context so admits, include its successors in title and assignees, and the INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (“**Bank**”) acting as trustee (“**Trustee**”) of the Transformative Carbon Asset Facility (“**Facility**”) (the Bank, in its capacity as Trustee, together with the Host Country, the “**Parties**” and each a “**Party**”) pursuant to the Framework Establishing the Transformative Carbon Asset Facility (“**TCAF Framework**”).

WHEREAS:

- (A) Pursuant to the TCAF Framework, the Bank has established the Facility for the purposes of:
 - (i) increasing the flow of results-based climate finance to low- and middle-income countries to support countries to implement carbon pricing and sectoral mitigation measures, piloting new and innovative GHG emission reduction crediting mechanisms, providing blueprints for efficient and low-cost mitigation globally and at scale;
 - (ii) providing funding through Emission Reductions transactions in order to facilitate the generation of Verified Emission Reductions from the Program by leveraging existing or future investment or policy operations, as well as other emerging mandatory and voluntary GHG mitigation mechanisms;
 - (iii) stimulating the establishment of robust regulatory frameworks for carbon pricing;
 - (iv) promoting sustainable development and disseminating broadly the knowledge gained by the Trustee, by Programs and by Programs developers in the development of the Facility and the implementation of Programs.
- (B) The Host Country has ratified or acceded to the UNFCCC and the Paris Agreement;
- (C) The Trustee and the Host Country, through MoEF and Ministry of Energy, are entering into an Emission Reductions Purchase Agreement for the transfer of and payment for verified Emission Reductions (“**ERPA-VERs**”) generated under the Program (“**ERPA**”) and into a Mitigation Outcome Purchase Agreement for the sale and purchase of internationally transferred mitigation outcomes (“**ITMO-VERs**”) generated under the Program (“**MOPA**”);
- (D) In order to support and enable the transfer of and payment for ERPA-VERs under the ERPA and the sale and purchase of ITMO-VERs under the MOPA, the Parties wish to set out herein, among others, the terms and conditions concerning the Approval of the Program, the transfer and re-transfer of possession of ERPA-VERs generated under the Program, the Authorization and Transfer of ITMO-VERs generated under the Program and related Corresponding Adjustments in accordance with the International Rules, in particular as they relate to Article 6 of the Paris Agreement;

- (E) The Parties are committed to ensuring transparency and environmental integrity and to preventing double counting of Emission Reductions generated under the Program;
- (F) In alignment with the Host Country's Nationally Determined Contribution, the Host Country adopted, among other things, the "*Decree of the President of the Republic of Uzbekistan on measures to improve the effectiveness of reforms aimed at the transition of the Republic of Uzbekistan to a Green Economy until 2030*" describing a pathway towards transitioning to a green economy and ensuring green growth in the Host Country until 2030 and which is designed to notably:
- (i) reduce specific GHG emissions per unit of GDP by 35 percent by 2030 from the 2010 levels;
 - (ii) halve the energy intensity of GDP by 2030; and
 - (iii) increase the share of renewable energy in generation capacity from around 1 percent in 2020 to 25 percent by 2030, among other things.
- (G) The Host Country further wishes to enter into this Agreement to enable Programs located in the Host Country to access international carbon markets under the Paris Agreement.

NOW THEREFORE the Parties hereto hereby agree as follows:

ARTICLE I

Definitions

Section 1.01 *Definitions*

- (a) All capitalized terms used in this Agreement shall have the meanings as set forth in Schedule 1 of this Agreement.

ARTICLE II

Approval of Program Generating Emission Reductions

Section 2.01 *Approval of the Program*

- (a) The Host Country shall grant the Approval of the Program to be implemented. Such Approval shall include the approval of the participation of the Bank as Trustee, the Facility Contributors, and the Program Entity in the Program, and be documented in a formal Letter of Approval (which shall be substantially in the form provided in Schedule 2 to this Agreement) issued within thirty (30) calendar days of the execution of this Agreement.

- (b) The Parties understand that an Approved Program under Section 2.01(a) above and covered under the ERPA and the MOPA referred to in Section 3.01(b) below shall be required to comply with World Bank Operational Policies and Procedures, the Environmental and Social Standards, the ESCP and the E&S Instruments, as applicable.

Section 2.02 *Methodology*

- (a) The Host Country shall implement the Methodology in respect of the Approved Program.

(b) The Host Country shall integrate the Methodology and associated Monitoring and reporting arrangement into the Host Country's institutional and governance structure for voluntary cooperative approaches under Article 6.2 of the Paris Agreement.

(c) The process of validating the Program, monitoring and verifying GHG Reductions and Emission Reductions generated under the Program shall be governed by the requirements under the Methodology.

(d) The Host Country shall cooperate with the Trustee and provide information relating to the Program under the Methodology.

Section 2.03 Registry

(a) The Host Country shall specify, and the Parties shall agree on, the Registry designated for issuance of ERs, transfer and re-transfer of possession of ERPA-VERs, Transfer of ITMO-VERs pursuant to this Agreement. As part of such Registry to be designated by the Parties for such ERPA-VERs and ITMO-VERs transactions, the Host Country shall establish a domestic tracking and recording system to comply with all accounting, recording and tracking obligations under International Rules.

(b) Any issuance of ERs, transfer and re-transfer of possession of ERPA-VERs, Authorization and Transfer of ITMO-VERs, and any related Corresponding Adjustments, as applicable, shall be recorded within the designated Registry as specified in the Letter of Approval and the Letter of Authorization, where applicable, in accordance with the rules of the Registry. The Host Country shall coordinate as necessary with any Program Entity to ensure such recording.

(c) Until a Registry has been identified and agreed between the Parties to be used under the ERPA and the MOPA, no ERs shall be issued, the possession of ERPA-VERs shall not be transferred or re-transferred, no ITMO-VERs shall be Transferred and no payments shall be made under the ERPA and the MOPA.

ARTICLE III

Covenants, Representations and Warranties

Section 3.01 Trustee Covenants

The Trustee hereby covenants and agrees that it shall:

(a) Provide technical and capacity building support to the Host Country, through the Policy Implementation Support Plan and other areas for capacity building as relevant and mutually agreed, including regarding Approval, Authorization, Transfer of ITMO-VERs, reporting requirements under the Paris Agreement as well as for the establishment, implementation of the Program and the Methodology;

(b) Inform the Host Country of any material changes to the ERPA and MOPA the Trustee has concluded with the Program Entity for the transfer of and payment for ERPA-VERs and the sale and purchase of ITMO-VERs, as applicable, generated by and accruing from the Approved Program; and

(c) Ensure re-transfer of possession of ERPA-VERs paid for under the ERPA into the Registry account(s) nominated by the Host Country, and provide written notification to the Host Country of

such re-transfer of possession of ERPA-VERs as per the terms of the ERPA. The re-transfer of possession of ERPA-VERs shall be free of charge to the Host Country and shall be deemed completed upon crediting of such ERPA-VERs to the Registry account(s) nominated by the Host Country in accordance with the rules of the Registry and the terms of the ERPA;

Section 3.02 *Host Country Covenants*

The Host Country hereby covenants and agrees that it shall:

- (a) Implement the Policy Implementation Support Plan in order to build its institutional capacity regarding the decision-making process on Approval, Authorization and Transfer of ITMO-VERs, and related Corresponding Adjustments and as regards accounting and reporting requirements under the International Rules;
- (b) Fully cooperate with the Trustee, the Facility Contributors, and Third Parties, as may be requested by the Trustee (i) in respect of the Program, including the monitoring and Verification of Emission Reductions and (ii) in the implementation of the Methodology;
- (c) Take all necessary steps within its reasonable control to facilitate the transfer and re-transfer of the possession of ERPA-VERs to and from the Trustee and to Authorize and facilitate the Transfer of ITMO-VERs to the Trustee, as provided for under the ERPA and the MOPA;
- (d) Not use the re-transferred ERPA-VERs for any purpose other than towards meeting its NDC commitments under the Paris Agreement. In particular, the Host Country is prohibited from selling such ERPA-VERs again to any Third Party or from using them for any other purpose(s);
- (e) With respect to the Approved Program for which the Host Country is not the Program Entity: (i) not contest Title to ITMO-VERs Transferred, assigned, licensed, granted or otherwise conveyed to the Trustee under or pursuant to a MOPA entered into by the Program Entity and the Trustee, (ii) cooperate with the Program Entity and the Trustee as needed, and take all steps within its reasonable control, to provide or facilitate the provision of evidence of the Program Entity's ability to Transfer Title to ITMO-VERs, and (iii) to otherwise effect the Transfer of Title to ITMO-VERs to the Trustee;
- (f) Establish processes and procedures necessary under Article 6.2 of the Paris Agreement and relevant International Rules, issue a Letter of Authorization for each Transfer of ITMO-VERs to the Trustee under the MOPA and apply Corresponding Adjustments for each Authorized Transfer of ITMO-VERs under the MOPA in accordance with the MOPA and the International Rules;
- (g) Implement reasonable and transparent measures, including but not limited to domestic tracking and recording systems, to avoid double-counting of Emission Reductions generated under an Approved Program;
- (h) Comply with all reporting obligations under applicable International Rules, including under Article 13 of the Paris Agreement, decision 2/CMA.3 and decision 18/CMA.1, and including as set out under Schedule 4 to this Agreement, and account for any re-transferred ERPA-VERs and any Authorized Transfer of ITMO-VERs in accordance with the International Rules;
- (i) In accordance with national law, grant any staff or other authorized representative of the Trustee, and any of its nominees, including Independent Reviewers and/or representatives of any Facility Contributors, as coordinated by the Trustee, access to its territory and any relevant

documents related to the Approved Program for the purposes of this Agreement, the ERPA and the MOPA;

(j) Not engage in, or authorize or permit any Person acting on its behalf to engage in, any Sanctionable Practices. The Host Country further covenants that should the Trustee notify the Host Country of its concerns that there has been a violation of this provision, it shall cooperate in good faith with the Trustee and its representatives in determining whether such a violation has occurred, and shall respond promptly and in reasonable detail to any notice from the Trustee, and shall furnish documentary support for such response upon the Trustee's request; and

(k) Continue to maintain itself and the Program in compliance with the International Rules.

Section 3.03 *Mutual Representations and Warranties*

Each Party represents and warrants to the other Party on the date hereof:

(a) It is duly authorized and has the power and authority to execute and deliver this Agreement and to perform its obligations under it and has taken all necessary actions to authorize the entry into and the observance and performance of its obligations under this Agreement and shall maintain all relevant authorizations;

(b) The Person signing this Agreement on behalf of a Party is duly authorized to sign the Agreement as a representative of the Party;

(c) The entry into and observance and performance of its obligations under this Agreement do not violate or conflict with or require any consent or waiver under any of the terms or conditions of any contract to which it is a party or by which any of its assets are bound or affected, or any Applicable Law;

(d) This Agreement constitutes a legal, valid and binding obligation on it enforceable in accordance with its terms;

(e) It is not relying upon any representations of the other Party other than those expressly set out in this Agreement, it has relied on its own knowledge and judgment, and it has entered into this Agreement after a full opportunity to review its terms and conditions, has a full understanding of those terms and conditions and of their risks, and is capable of assuming those risks;

(f) The other Party is not acting as a fiduciary or an advisor for it, nor has the other Party given to it any advice, representation, assurance or guarantee as to the expected performance, benefit or result of this Agreement (other than as expressly set out in this Agreement); and

(g) There is no circumstance or condition or proceeding pending or, to the knowledge of such Party, threatened against, relating to or that would have a material adverse effect on such Party, such Party's ability to perform its obligations under this Agreement.

Section 3.04 *Host Country Representations and Warranties*

(a) The Host Country represents and warrants to the Trustee:

- (i) with respect to the Approved Program for which the Host Country is the Program Entity, it has or will have clear, unrestricted and unencumbered Title to ITMO-VERs sold by it to the Trustee under a MOPA;
 - (ii) it has provided all relevant information on its NDC in accordance with International Rules, including Annex I to decisions 4/CMA.1, 18/CMA.1,¹ 2/CMA.3² and any other relevant International Rules;
 - (iii) it uses the specified Global Warming Potential values in accounting for its NDC; and
 - (iv) it accounts for its NDC in accordance with Annex II to decision 4/CMA.1,³ 2/CMA.3⁴ and any other relevant International Rules.
- (b) The Host Country further represents and warrants to the Trustee:
- (i) it will fulfill all requirements under Article 6.2 of the Paris Agreement, in accordance with the International Rules;
 - (ii) it will fulfill all reporting obligations under the International Rules, including under Article 13 of the Paris Agreement, decision 2/CMA.3 and decision 18/CMA.1 and as provided for under Schedule 4 to this Agreement; and
 - (iii) for all Authorized Transfers of ITMO-VERs, Corresponding Adjustments will always be applied in a manner that is consistent with the International Rules.

ARTICLE IV

Authorization of Transfers of ITMO-VERs

Section 4.01 *Authorization*

(a) The Host Country shall Authorize each Transfer of ITMO-VERs from the Program Entity to the Trustee provided for under the MOPA through issuance of a formal Letter of Authorization, substantially in the form of Schedule 3 to this Agreement and in accordance with the International Rules. The Host Country shall issue such Letter of Authorization within no later than sixty (60) calendar days of receipt of a corresponding request from the Trustee or the Program Entity.

(b) In the event the Host Country decides not to issue such Authorization, the Host Country shall promptly inform the Trustee of such decision together with a detailed explanation in writing.

¹ For more detail, please see 4/CMA.1, Further guidance in relation to the mitigation section of decision 1/CP.21, Annex I (Mar. 19, 2019), https://unfccc.int/sites/default/files/resource/CMA2018_03a02E.pdf and 18/CMA.1, Modalities, procedures and guidelines for the transparency framework for action and support referred to in Article 13 of the Paris Agreement, Annex (Mar. 19, 2019) (https://unfccc.int/sites/default/files/resource/CMA2018_03a02E.pdf).

² Guidance on cooperative approaches referred to in Article 6.2 of the Paris Agreement (https://unfccc.int/sites/default/files/resource/cma2021_10_add1_adv.pdf).

³ For more detail, please see 4/CMA.1, Further guidance in relation to the mitigation section of decision 1/CP.21, Annex II (Mar. 19, 2019) (https://unfccc.int/sites/default/files/resource/CMA2018_03a02E.pdf).

⁴ Guidance on cooperative approaches referred to in Article 6.2 of the Paris Agreement (https://unfccc.int/sites/default/files/resource/cma2021_10_add1_adv.pdf).

The Host Country understands that such a decision to reject an Authorization entitles the Trustee to terminate the MOPA in accordance with its terms.

Section 4.02 *Registry*

Authorized Transfers of ITMO-VERs under the MOPA shall be recorded on the Registry specified in the Letter of Authorization.

Section 4.03 *Environmental Integrity and Sustainable Development*

The Host Country's Authorization processes and procedures shall ensure environmental integrity and promote sustainable development and transparency in accordance with relevant International Rules.

Section 4.04 *Priority for Authorization*

The relationship between the Parties under this Agreement is exclusive with respect to the Program, the MOPA, and the ERPA. The Host Country shall not engage with any Third Party in the context of an intended transaction under Article 6 of the Paris Agreement for any ITMO-VERs generated under the Program, without giving a priority to the Trustee and the Facility Contributors for any Authorization to be given under this Agreement for the Transfer of ITMO-VERs generated under the Program.

ARTICLE V

Corresponding Adjustments and Paris Agreement Reporting

Section 5.01 *Corresponding Adjustments and Reporting*

(a) In order to avoid double-counting, the Host Country shall apply Corresponding Adjustments in an amount equal to the relevant number of Authorized ITMO-VERs internationally Transferred pursuant to a MOPA and any Authorization granted under this Agreement and in accordance with the International Rules.

(b) The Host Country shall report on any Authorized Transfer of ITMO-VERs and any related Corresponding Adjustments to the UNFCCC in accordance with the International Rules and pursuant to the reporting obligations listed in Schedule 4 to this Agreement. Such reporting obligations include annual reports and Biennial Transparency Reports⁵, and any other reports as may be required under the International Rules.

⁵ Please see 18/CMA.1, Modalities, procedures and guidelines for the transparency framework for action and support referred to in Article 13 of the Paris Agreement (Mar. 19, 2019) (https://unfccc.int/sites/default/files/resource/CMA2018_03a02E.pdf).

ARTICLE VI

Events of Default, Remedies

Section 6.01 *Events of Default*

The occurrence at any time with respect to a Party of any of the following events constitutes an Event of Default with respect to such Party:

- (a) The Host Country enters into any agreement with a Third Party to sell any ERPA-VERs and/or ITMO-VERs generated by an Approved Program described in a Letter of Approval under this Agreement, the possession of which is committed to be transferred to the Trustee and re-transferred to the Host Country under an ERPA or which are committed to be Transferred to the Trustee under a MOPA;
- (b) The Host Country withdraws, or delivers written notice for withdrawal, from the UNFCCC, the Kyoto Protocol, or the Paris Agreement;
- (c) Changes occur in national law or the administrative structure or the assumptions of obligations under international law that adversely affect the generation of VERs by Approved Programs or the Transfer of ITMO-VERs;
- (d) Any representation or warranty made by the Party in this Agreement is false or misleading in any material respect when made;
- (e) The Party disaffirms, disclaims, repudiates or rejects, in whole or in part, or challenges the validity of, or expressly refuses to perform this Agreement (or such action is taken by any Person appointed or empowered to operate it or act on its behalf); or
- (f) The Party fails to comply in any material respect with or perform in any material respect any of its obligations or covenants under this Agreement, including its obligations to issue Letters of Authorization, undertake Corresponding Adjustments and report to the UNFCCC, and such failure is not remedied to the reasonable satisfaction of the other Party within thirty (30) calendar days after written notice of such failure is given to the Party by such other Party.

Section 6.02 *Remedies*

- (a) Upon the occurrence of an Event of Default and while such Event of Default is continuing, the non-defaulting Party shall issue a notice of default, which shall provide the defaulting Party with ninety (90) calendar days to cure the relevant Event of Default.
- (b) Upon the expiration of the above-mentioned ninety (90) calendar day cure period, if the relevant Event of Default is continuing, the non-defaulting Party, at its discretion, may:
 - (i) Suspend performance of any obligations under this Agreement; or
 - (ii) Terminate this Agreement upon written notice to the defaulting Party.

ARTICLE VII
Miscellaneous Provisions

Section 7.01 *Interpretation; Headings; Schedules*

The terms of this Agreement shall be interpreted in a manner that is consistent with the International Rules, and the TCAF Framework, as amended or supplemented from time to time.

Section 7.02 *Enforceability*

The rights and obligations of the Host Country and the Trustee under this Agreement shall be valid and enforceable in accordance with their terms notwithstanding the law of any state or political subdivision thereof to the contrary. Neither the World Bank nor the Host Country shall be entitled in any proceeding under this Article to assert any claim that any provision of this Agreement is invalid or unenforceable because of any provision of the Articles of Agreement of the World Bank

Section 7.03 *Dispute Resolution*

(a) The Trustee and the Host Country shall endeavor to settle amicably any dispute between them arising out of or relating to this Agreement or the breach, termination or invalidity thereof ("**Dispute**"). Upon the written request of either Party ("**Initial Request**"), the Parties shall meet promptly to consider the Dispute.

(b) If the Dispute has not been resolved by the Parties within sixty (60) calendar days of the date of the Initial Request, the Parties may seek an amicable settlement of the Dispute by conciliation, which shall take place in accordance with the UNCITRAL Conciliation Rules as at present in force. The Parties shall endeavor to reach agreement on the name of a sole conciliator, failing which either Party may request the Secretary-General of the Permanent Court of Arbitration to appoint the sole conciliator. The language to be used in the conciliation proceedings shall be English.

(c) Should either Party refuse to seek an amicable settlement by conciliation, or should the conciliation proceedings be unsuccessfully terminated, either Party may, by notice in writing to the other, refer the settlement of the Dispute to arbitration in accordance with the UNCITRAL Arbitration Rules as at present in force. The appointing authority shall be the Secretary-General of the Permanent Court of Arbitration, and the number of arbitrators shall be one. The language to be used in the arbitral proceedings shall be English.

Section 7.04 *Amendments to the Agreement*

Except as otherwise provided herein, this Agreement may not be amended except by a written agreement executed by Trustee and the Host Country.

Section 7.05 *Non-Recourse; Privileges and Immunities*

(a) This Agreement is entered into by the Bank, not personally or in its individual capacity, but as Trustee of the Facility.

(b) The Host Country agrees to look solely to the assets of the Facility for the enforcement of any obligations, claims or liabilities under or in connection with this Agreement or the Programs, as none of the Trustee, Bank, any of its affiliated entities, the Facility Contributors, other

beneficiaries of the Facility, or any of their respective officers, directors, employees, partners, members or shareholders, assume or shall be subject to any personal liability for any of the obligations, claims or liabilities entered into, or incurred hereunder, on behalf of the Facility.

(c) Nothing in this Agreement shall be considered to be a waiver of any privileges or immunities of the Bank, the Trustee, or, where applicable, the Facility Contributors or their respective officers, employees, representatives or agents, under the Articles of Agreement of the Bank or any applicable law. All such privileges and immunities are expressly reserved.

Section 7.06 *Notices*

Any notice, communication, request or correspondence required or permitted under the terms of this Agreement shall be in writing, in the English language (it being understood that any such communication in a language other than English shall be of no force and effect), and shall be delivered personally, or via courier, mail, electronic mail, or facsimile to the address and telecopier numbers provided below.

For the Host Country:

Attention: Djamshid Kuchkarov
Ministry of Economy and Finance
29, Istiqlol Street
Tashkent, Uzbekistan
Telephone: + 99871 203 50 50
Electronic mail address: info@imv.uz

For the Trustee:

Transformative Carbon Asset Facility
1818 H Street, N.W.
Washington, D.C. 20433
United States of America
Telephone: +1 (202) 473-1000
Electronic mail address: ibrd-carbonfinance@worldbank.org

Section 7.07 *Language*

This Agreement shall be executed in two counterparts in the English language, each of which shall be an original.

Section 7.08 *Action on behalf of the Host Country or Trustee*

(a) For the purposes of Section 7.08(b), the Ministry of Economy and Finance of the Host Country is hereby designated as representative of the Host Country and the World Bank Climate Funds Management Unit of the Bank is hereby designated as representative of the Trustee.

(b) Any action required or permitted to be taken, and any documents required or permitted to be executed, pursuant to this Agreement on behalf of the Host Country (or Trustee), including the issuance of Letters of Approval in accordance with Section 2.01 of this Agreement and of Letters of Authorization in accordance with Section 4.01, may be taken or executed by the representative of the Host Country (or Trustee) designated in this Agreement for the purposes of this Section 7.08 or any person thereunto authorized in writing by such representative.

Section 7.09 *Disclosure of Information*

- (a) Unless provided for otherwise in the HCA, the executed version of the HCA shall be public (non-confidential) and be disclosed.
- (b) Unless provided for otherwise in the HCA, notwithstanding Section 7.09 (a), all information disclosed by the Parties in the commercial negotiations leading to the conclusion of this Agreement ("**Confidential Information**") shall be kept confidential and not disclosed unless:
 - i) at the time of disclosure, the Confidential Information is public or which after disclosure becomes public other than by disclosure by either Party in violation of this provision;
 - ii) the disclosing Party has been given prior written consent by the other Party to make that disclosure; or
 - iii) the Confidential Information is required to be disclosed by any requirement of International Rules or the Methodology; or under any applicable laws and regulations or by any subpoena or similar legal process;

Notwithstanding the foregoing, the Program Entity agrees that the Trustee may disclose the Confidential Information to the Facility Contributors. This Section shall survive for a period of five (5) years after any termination under this Agreement, unless the Parties otherwise agree in writing.

Section 7.10 *Change in Law*

In the event of a change to the International Rules that adversely affects a Party's ability to perform its obligations under this Agreement or renders any term or condition inconsistent with such change ("**Change in Law**"), the Parties shall, in good faith and in accordance with applicable law, attempt to make amendments to reflect such Change in Law so as to be able to perform their respective obligations while retaining the intent of this Agreement.

Section 7.11 *Remedies Cumulative*

Except as otherwise provided in this Agreement, the rights and remedies contained in this Agreement are cumulative and not exclusive of any other right or remedy provided in this Agreement or provided by law.

ARTICLE VIII

Effective Date; Expiration; Earlier Termination

Section 8.01 *Effective Date; Expiration; Termination for Failure to Become Effective*

(a) This Agreement shall not become effective until evidence satisfactory to the Trustee has been furnished to the Trustee that the execution and delivery of this Agreement on behalf of the Host Country has been duly approved, authorized or ratified by all necessary governmental action, and upon execution and delivery, this Agreement shall constitute the legal, valid, binding and enforceable obligation of each Party hereto.

(b) This Agreement shall enter into effect upon being fully executed and delivered pursuant to Section 8.01(a) above, and, unless otherwise earlier terminated in accordance with this Agreement, shall continue in full force and effect until December 31, 2028, subject to section 8.04 (c).

(c) If this Agreement has not become effective within one hundred and eighty (180) calendar days after the date of this Agreement, this Agreement and all obligations of the Parties hereunder shall terminate, unless the Trustee, in its sole discretion after consideration of the reasons for the delay, shall establish a later date for the purposes of this Section 8.01(c). The Trustee shall promptly notify the Host Country of such later date.

Section 8.02 *Earlier Termination*

In the event that an extraordinary situation shall have arisen which makes the achievement of the objectives of this Agreement unlikely or impossible, the Parties will agree, in good faith, on how to cure such extraordinary situation to no longer interfere with the objective of the Agreement. If the Parties cannot agree on a way to cure such situation, within ninety (90) calendars days from the date of the extraordinary situation, each Party may terminate this Agreement.

Section 8.03 *Survival of Provisions*

The respective rights and obligations of the Parties contained within Section 3.03, Section 3.04, Article V and Article VII shall survive any termination under this Agreement, unless the Trustee provides notice in writing to the Host Country to the contrary

Section 8.04 *Assignment*

(a) The Host Country may not assign or delegate its obligations under this Agreement.

(b) The Trustee may assign all or a part of its rights and obligations under this Agreement at any time to any one or more parties, and in the event of such assignment, the Host Country shall continue to perform its obligations hereunder for the benefit of such assignee(s), it being understood that any reference to the Trustee, or the Facility, or the Facility Contributors, shall whenever appropriate, following such assignment, be deemed to be a reference to such assignee(s) or include a reference to such assignee(s). The Trustee shall promptly notify the Host Country of such assignment.

(c) In the event that Corresponding Adjustments have not been finalized by December 31, 2028, the Trustee has the right to assign to one or more Facility Contributors, the Trustee's rights against the Host Country with regards to the Authorized Transfer of ITMO-VERs and the undertaking of Corresponding Adjustments as provided under sections 3.02 (c), Article IV and

Article V of this Agreement. These assigned rights shall continue to be effective against the Host Country and survive the termination of this Agreement under Article 8.01.

IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be duly executed as of the date first above written.

**REPUBLIC OF UZBEKISTAN,
REPRESENTED BY THE MINISTRY OF
ECONOMY AND FINANCE**

Djamshid Kuchkarov

Name: Djamshid Kuchkarov

Title: Minister

Date: 04-Oct-2023

**INTERNATIONAL BANK FOR
RECONSTRUCTION AND
DEVELOPMENT, AS TRUSTEE OF THE
TRANSFORMATIVE CARBON ASSET
FACILITY**

Marco Mantovanelli

Name: Marco Mantovanelli

Title: Country Manager

Date: 30-Sep-2023

SCHEDULE 1

Definitions and Interpretation

Section 1. Definitions

1. “**Agreement**” means this Host Country Agreement;
2. “**Applicable Law**” means any transnational, domestic, or foreign federal, state, provincial, regional, municipal or local law (statutory, common or otherwise), regulation, by-law, constitution, treaty, convention, ordinance, code, rule, regulation, order, injunction, judgment, decree, ruling or other similar requirement enacted, adopted, promulgated, or applied to the activities governed by this Agreement, the Parties to this Agreement or this Agreement itself that is binding upon or applicable to the Parties, as amended unless expressly specified otherwise;
3. “**Approve**”, “**Approved**” or “**Approval**” means a document issued in accordance with Section 2.01 (b) and Schedule 2 of this Agreement by the Governmental Authority of the Host Country responsible for approving the Program to generate GHG Reductions and VERs and the participation of the Program Entity, the Trustee and Program Participants in accordance with the International Rules and the laws and policies of the Host Country;
4. “**Authorize**”, “**Authorized**” or “**Authorization**” means the formal legal authorization or sanctioning of VERs from the Program to be Transferred internationally by the Host Country and used towards an NDC and/or for other international mitigation purposes, in accordance with the International Rules;
5. “**Bank**” means the IBRD;
6. “**Baseline**” means the scenario that reasonably represents the volume of anthropogenic GHG emissions by sources, or anthropogenic removals by sinks, that would have occurred in the absence of the Program, subject to any revision as required under the Methodology in order to obtain Registration of the Program, if required, in accordance with the Host Country’s NDCs and the International Rules;
7. “**Biennial Transparency Report**” means the report that parties to the Paris Agreement must submit under Article 13 of the Paris Agreement in accordance with the provisions set out in decision 18/CMA.1;
8. “**Carbon Dioxide Equivalent**” or “**CO₂e**” means the base reference for the measurement of Global Warming Potential of GHGs whereby the radiative forcing of one unit is equivalent to the radiative forcing of one metric ton of carbon dioxide emissions;
9. “**Change in Law**” has the meaning set forth in Section 7.10;
10. “**CMA**” means the Conference of the Parties serving as the meeting of the Parties to the Paris Agreement;
11. “**Corresponding Adjustment**” or “**CA**” means to account for the Authorized Transfer of ITMO-VERs in accordance with International Rules including paragraph 36 of decision 1/CP.21 and decision 2/CMA.3;

12. **“Crediting Program Design Document”** means the document that presents technical and organizational aspects of the Program;
13. **“Effective Date”** means the date on which this Agreement shall be effective as provided in Section 8.01 of this Agreement;
14. **“Emission Reduction”** or **“ER”** means all existing and future legal and beneficial rights arising from one GHG Reduction;
15. **“Emission Reductions Payment Agreement”** or **“ERPA”** means the separate verified emission reductions payment agreement(s) entered into between the Program Entity and the Trustee for the payment of VERs generated under the Approved Program;
16. **“ERPA-VERs”** means the verified Emission Reductions generated from the Approved Program, the possession of which is to be transferred to the Trustee (or a party(ies) nominated by the Trustee) in accordance with the terms of the respective ERPA and the possession of which is to be re-transferred to the Host Country for use toward its NDC;
17. **“Environmental and Social Commitment Plan”** or **“ESCP”** means the Program Entity’s environmental and social commitment plan for a Program, acceptable to the Trustee, 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 Program Entity shall carry out or cause to be carried out to address the potential environmental and social risks and impacts of the Program, 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;
18. **“Environmental and Social Instrument”** or **“E&S Instrument”** means any environmental or social document, plan or instrument submitted by the Program Entity and approved by the Trustee, that meets the requirements of the applicable Environmental and Social Standards and prepared in accordance with the Environmental and Social Commitment Plan;
19. **“Environmental and Social Standards”** 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”; (x) “Environmental and Social Standard 10: Stakeholder Engagement and Information Disclosure”; effective on October 1, 2018, as published by the World Bank at <https://www.worldbank.org/en/projects-operations/environmental-and-social-framework/brief/environmental-and-social-standards>;
20. **“Event of Default”** has the meaning set forth in Section 6.01 (Events of Default).

21. “**Facility**” means the Transformative Carbon Asset Facility, established under the TCAF Framework to receive funding from the Facility Contributors to achieve the objectives as described in the TCAF Framework;
22. “**Facility Contributors**” means the entities which have signed agreements with the Trustee to make a contribution to a tranche of the Facility;
23. “**GHG Reduction**” means one metric ton of Carbon Dioxide Equivalent reduced or sequestered by the Program below the Baseline, as created and monitored in accordance with the Program Documents;
24. “**Global Warming Potential**” means the radiative forcing resulting from the release of a unit mass of a greenhouse gas relative to that of carbon dioxide over a 100-year time-horizon without climate-carbon feedbacks, as given in the Fifth Assessment Report of the Intergovernmental Panel on Climate Change (IPCC), or the 100-year time-horizon global warming potential values from a subsequent IPCC assessment report agreed upon by the Conference of the Parties serving as the meeting of the Parties to the Paris Agreement, where applicable;
25. “**Governmental Authority**” means any national, regional or local governmental agency or authority in any country, and any other governmental or quasi-governmental entity, agency, organization, commission, secretariat, executive board, mechanism, conference or authority, including any existing or future international, regional or multi-national governmental or political bodies or establishments, including, but not limited to, those established by the parties to the UNFCCC, the Kyoto Protocol or the Paris Agreement or the member states of the European Union, and any subordinate entity, technical body, expert, validator, certifier, operational entity or authority of, recognized by, reporting to, mandated by, or acting on behalf of any of the foregoing.
26. “**Greenhouse Gas**” or “**GHG**” means any of carbon dioxide, methane, nitrous oxide, hydrofluorocarbons, perfluorocarbons and sulphur hexafluoride, and any other substance recognized as a greenhouse gas under the International Rules;
27. “**Host Country**” means the country(ies) specified as such in the introductory statement hereto;
28. “**IBRD**” means the International Bank for Reconstruction and Development;
29. “**IBRD Carbon Finance Anti-Corruption Guidelines**” means the IBRD Anti-Corruption Guidelines for World Bank Guarantee and Carbon Finance Transactions set out in Schedule 4;
30. “**Independent Reviewer**” means an entity, group of individuals or organization, agreed by the Trustee, or as the case may be, in accordance with International Rules, for the purposes of Validation or Verification, which has the requisite capacity to perform Validation or Verification of the Program, and which is independent from the Trustee, the relevant Host Country, and the relevant Program Entity;
31. “**International Rules**” means the UNFCCC, the Kyoto Protocol, the Paris Agreement, any relevant decisions, guidance, guidelines, rules, accords, modalities, procedures or similar

documents made pursuant to them and of successor international agreements, in all cases as amended, modified or updated from time to time;

32. “**ITMO-VERs**” means the VERs generated from the Approved Program that are subject to Transfers as internationally transferred mitigation outcomes (ITMOs) under the MOPA and to the Host Country Authorization and Corresponding Adjustments under Article 6.2 of the Paris Agreement;
33. “**Kyoto Protocol**” means the protocol to the UNFCCC adopted at the Third Conference of the Parties to the UNFCCC in Kyoto, Japan on December 11, 1997;
34. “**Letter of Approval**” means a letter issued by the Host Country in accordance with Section 2.01(b) and Schedule 2 to this Agreement, in form and substance acceptable to the Trustee;
35. “**Letter of Authorization**” means a letter issued by the Host Country in accordance with Section 4.02(b) and Schedule 3 to this Agreement, in form and substance acceptable to the Trustee;
36. “**Methodology**” means a process or document that specifies Baseline determination and methods needed to calculate and monitor GHG Reductions and ERs from the Program, as described in the Crediting Program Design Document;
37. “**MOPA**” means the Mitigation Outcome Purchase Agreement executed between the Program Entity and the Trustee for the results-based carbon finance payment for the Transfer of Internationally Transferred Mitigation Outcomes (“**ITMOs**”) under article 6.2 of the Paris Agreement;
38. “**Nationally Determined Contribution**” or “**NDC**” means the Host Country’s nationally determined contribution in accordance with Articles 3 and 4 of the Paris Agreement and related applicable International Rules;
39. “**NDC Implementation Period**” means the time frame of the Host Country’s NDC;
40. “**Paris Agreement**” means the Agreement of the United Nations Framework Convention on Climate Change adopted at the Twenty-First Conference of the Parties to the UNFCCC in Paris, France on December 12, 2015;
41. “**Parties**” means the Host Country and the Trustee, and each of them shall be individually referred to as a “Party”;
42. “**Person**” means any individual or Entity;
43. “**Policy Implementation Support Plan**” means a document that provides an overview of the steps that will help the Host Country prepare for collaboration under article 6 of the Paris Agreement and which notably sets out strategies, risks and opportunities regarding engagement under Article 6 of the Paris Agreement and identifies the necessary governance structures and institutional frameworks that will need to be developed in that regard.

44. "**Program**" means [*insert name of the Program*], capable of generating Emission Reductions, as described in the Program Document;
45. "**Program Document**" means together or individually the document(s) that presents technical and organizational aspects of the Program, including the Crediting Program Design Document;
46. "**Program Entity**" means the entity entering into the ERPA and the MOPA with the Trustee and referred to as such in the Letter of Approval;
47. "**Program Participant**" means:
 - a. any Entity listed as such or as a program proponent in the relevant Program Documents; or
 - b. any Entity added to the Program as such or as a program proponent;
48. "**Registration**" means the formal acceptance by the Registry or another authorized entity of the Program, as applicable and required under the Registry rules and procedures;
49. "**Registry**" means the system or systems, acceptable to the Trustee, used to document and record, among other things, the issuance, generation, serialization, receipt, holding, retirement, cancellation of ERs, tracking the transfer and re-transfer of possession of ERPA-VERs, Authorization, and/or the Transfer of ITMO-VERs, under the Program, as applicable;
50. "**Sanctionable Practice**" means any coercive, corrupt, collusive, obstructive or fraudulent practice, as defined in the IBRD Carbon Finance Anti-Corruption Guidelines, in relation to a Program;
51. "**TCAF Framework**" means the Framework Establishing the Transformative Carbon Asset Facility dated November 16, 2016, as amended from time to time;
52. "**Third Party**" means any Person other than the Trustee or the Host Country;
53. "**Title to ITMO-VERs**" means, in accordance with all applicable laws, the full legal and beneficial title and exclusive right to any Emission Reductions contracted for by the Trustee under a MOPA referred to in Section 3.01(b) of this Agreement;
54. "**Transfer**" means the transfer of Title of ITMO-VERs, generated by the Approved Program, from the Program Entity to the Trustee in accordance with the terms of the respective MOPA;
55. "**Trustee**" means the Bank acting as trustee for the Facility;
56. "**UNCITRAL**" means the United Nations Commission on International Trade Law;
57. "**UNFCCC**" means the United Framework Convention on Climate Change, which is the parent treaty of the 1997 Kyoto Protocol and the Paris Agreement;

58. “**Verification**” means the periodic assessment by an Independent Reviewer of the amount of GHG Reductions and ERs generated under the Program, and includes the written assurance by the Independent Reviewer that during the relevant Reporting Year the Program has achieved the verified GHG Reductions and ERs and in accordance with the Program Documents, including the Baseline and the Methodology for the Program, and “Verified” shall have the equivalent meaning;
59. “**Verified Emission Reductions**” or “**VERs**” means the GHG Reductions and ERs generated under a Program as independently Verified by an Independent Reviewer in a final Verification Report;
60. “**Vintage Year**” means the year in which the ERs are generated from the Program.
61. “**World Bank**” means the IBRD.
62. “**World Bank Operational Policies and Procedures**” means the social and environmental safeguard policies and procedures of the World Bank which conducts the environmental and social review of the Program and which are referred to by that name and are in effect at the time of such review, as well as other World Bank operational policies and procedures, when applicable.

Section 2 *Interpretation*

- (a) In this HCA, unless the context requires another meaning, a reference:
- (i) to the HCA, ERPA, MOPA and any document created under the International Rules or any of the Program Documents is to that document as varied, amended, updated, novated, ratified or replaced from time to time;
 - (ii) to the singular includes the plural and vice versa;
 - (iii) to an item, Section or Schedule is to an item, Section or Schedule of this HCA (unless as otherwise specified);
 - (iv) to any International Rule, or to any treaty or other international agreement includes any modification or re-enactment of it or any treaty or other international agreement substituted for it, and all protocols, rules, modalities, guidelines, procedures, ordinances and regulations (however described) issued under it; and
 - (v) to a word or phrase with a defined meaning incorporates any other part of speech or grammatical form of that word or phrase as having a corresponding meaning.
- (b) The terms of this HCA, shall be interpreted in a manner that is consistent with the International Rules.
- (c) The headings of the Articles and Sections are inserted for convenience of reference only and do not affect the interpretation of this HCA.
- (d) The term “including” and “includes”, shall mean, without limitation, in all cases.

SCHEDULE 2

Model Letter of Approval

[Letterhead of Host Country]

To: [Address]

[place, date]

Host Country designated authority for Approval (“ Authority ”)	Republic of Uzbekistan, Ministry of Economy and Finance
Contact details for Host Country Authority	[insert contact details]
Name of Program Participant	Transformative Carbon Asset Facility 1818 H Street, N.W. Washington, D.C. 20433 United States of America Telephone: +1 (202) 473-1000 Electronic mail address: tcaf@worldbank.org
Date of letter	[insert date]
Effective date of Approval	[insert date]
Expiration of Approval	[insert date]

The Authority confirms that the Republic of Uzbekistan:

- Approves the specified Program in accordance with the Host Country Agreement between the Republic of Uzbekistan and the International Bank for Reconstruction and Development, as Trustee of the Transformative Carbon Asset Facility dated [insert date].

This Approval is in reference to the Crediting Program Design Document and the specific matters identified below:

Name of Program	Innovative Climate and Carbon Finance for Energy Reform Program
Program Entity	Ministry of Economy and Finance
Public program participants/ proponents	[insert name and full contact details]
Name of Methodology	Policy MRV
NDC Implementation Period	January 1, 2021 – December 31, 2030
Vintage years of the VERs	[all years during which ERs will be verified]
Sector	Electricity and Natural Gas
Activity type	Tariff reform
Location of activity	National
Party intending to use VERs and Type of Approved use	Re-transfer of possession of ERPA-VERs to Host Country for use toward its NDC compliance or Transfer of ITMO-VERs retained by Trustee for further international Transfer to Facility Contributors

Volume of Approved VERs	[insert total volume of Approved ERPA-VERs and ITMO-VERs]
Registry	insert Registry intended to be used to effectuate re-transfer of possession of ERPA-VERs and the Transfer of ITMO-VERs

In terms of the transaction specified above, the designated authority confirms the following:

- The Program (i) promotes sustainable development and environmental integrity in the Republic of Uzbekistan and (ii) relates and contributes to the implementation of its nationally determined contribution (NDC);
- The Program Participant has the right to rely on this Approval for future transfers, provided that all conditions specified for transfer are met and that this Approval is based on true and accurate information provided by the Program Participant upon which the Authority has the ability to rely for the decisions herein; and
- In the event any information provided by the Program Participant is inaccurate or is modified during the duration of this Approval, Program Participant has the responsibility to notify the Authority immediately and provide necessary information.

This Letter of Approval is done in two (2) originals in the English language.

Sincerely,

By _____

[Name of Signatory]

[]

SCHEDULE 3

Model Letter of Authorization

[Letterhead of Host Country]

To: [Address]

[place, date]

Host country designated authority for authorization (“Authority”)	Ministry of Economy and Finance
Contact details for Host Country Authority	[insert contact details]
Name of Applicant	[insert contact details for entity seeking authorization]
Date of letter	[insert date]
Effective date of Authorization	[insert date]
Expiration of Authorization	[insert date]

The Authority confirms that the Republic of Uzbekistan:

- Is a Party to the Paris Agreement, having ratified the agreement on November 9, 2018.
- Has prepared and communicated a “nationally determined contribution” (“NDC”) to the secretariat of the UNFCCC on October 30, 2021, in accordance with International Rules including Article 4.2 of the Paris Agreement and decision 4/CMA.1
- Has arrangements in place for authorizing the use of internationally transferred mitigation outcomes (“ITMOs”) pursuant to Article 6 of the Paris Agreement and arrangements in place for tracking ITMOs.
- Has provided a recent national inventory report in accordance with International Rules including decision 18/CMA.1 on [insert date].
- Its participation contributes to the implementation of its NDC and long-term low-emission development strategy, and the long-term goals of the Paris Agreement.
- Is participating voluntarily in the cooperative activity described in this letter.

This Authorization is in reference to the specific cooperative approach identified below:

Name of cooperative approach	Innovative Climate and Carbon Finance for Energy Reform Program
Program Entity	Ministry of Economy and Finance
[Public program participants/ proponents]	[insert name and full contact details]
Methodology	Policy Crediting
Program Document	[insert reference]

NDC Implementation Period	January 1, 2021 – December 31, 2030
Maximum volume of ITMO-VERs that are Authorized to be Transferred under a MOPA	[insert total volume of ITMO-VERs according to MOPA]
Vintage years of the ITMO-VERs	[all years during which mitigation outcomes will be verified]
Sector	Electricity and Natural Gas
Description of Authorized mitigation activity	[Emission reductions from policy/tariff reform]
Location of activity	National
Party intending to use ITMO-VERs	[insert party]
ITMO uses Authorized	Use towards [X country's] NDC or any other use, where applicable
Volume and details of Authorized ITMO-VERs	[insert total volume of ITMO-VERs Authorized]
Registry	[insert Registry intended to be used to effectuate Transfer and tracking of ITMO-VERs]
[Levy]	[insert applied holdback of credit volume or a charge per credit that is paid by the Program Participant to the Host Country, as applicable]
Applicable method of Corresponding Adjustment	<p>[Average Method – Calculating the average annual amount of ITMO-VERs first transferred and used over the NDC implementation period, by taking the cumulative amount of ITMO-VERs and dividing by the number of elapsed years in the NDC implementation period and annually applying indicative Corresponding Adjustments equal to this average amount for each year in the NDC implementation period and applying Corresponding Adjustments equal to this average amount in the NDC year.</p> <p>or</p> <p>Trajectory Method - Calculating a multi-year emissions trajectory, trajectories or budget for its NDC implementation period that is consistent with the NDC, and annually applying Corresponding Adjustments for the total amount of ITMO-VERs first Transferred and used each year in the NDC implementation period and cumulatively at the end of the NDC implementation period.]</p>

In terms of the cooperative approach specified above, the Authority confirms the following:

- It (i) promotes sustainable development and environmental integrity in the Republic of Uzbekistan and (ii) relates and contributes to the implementation of its nationally determined contribution (NDC)
- Host Country shall not use the internationally transferred mitigation outcomes (ITMOs-VERs) from ERs Authorized pursuant to this Authorization Letter to demonstrate achievement of its own NDC.

- The Republic of Uzbekistan will apply Corresponding Adjustments as required by the Paris Agreement and its implementing rules (International Rules) for ERs authorized pursuant to this Authorization Letter, using *[insert method: averaging method or trajectory method]*;
- The Applicant has the right to rely on this Authorization for future transfers, provided that all conditions specified for transfer are met and that this Authorization is based on true and accurate information provided by the Applicant upon which the Authority has the ability to rely for the decisions herein; and
- In the event any information provided by the Applicant is inaccurate or is modified during the duration of this Authorization, Applicant has the responsibility to notify the Authority immediately and provide necessary information.
- The Authorized mitigation outcomes represent mitigation from 2021 onwards.

This letter of authorization is done in two (2) originals in the English language.

Sincerely,

By _____

[Name of Signatory][__]

SCHEDULE 4

Reporting Obligations

In order to comply with reporting requirements under relevant International Rules, the Host Country will implement the reporting plan in the timeline in line with the Climate Change reporting cycle.

Reporting activity	Format	Timeline	Condition
Initial Report	Agreed electronic format to be published by UNFCCC secretariat team in charge of Article 6 database	To be issued prior to the Letter of Authorization	UNFCCC has established the Article 6 database and procedure for reporting
First annual reporting	Agreed electronic format submit for recording in the Article 6 database referred to in chapter VI.B (Article 6 database) (Decision 2/CMA.3 paragraph 20)	no later than 15 April of the year after ITMO-VERs payment and in an agreed electronic format.	Same as above
First Biennial Transparency Report (“BTR”) and national GHG inventory	Submitted to the UNFCCC secretariat as a stand-alone report, in accordance with the modalities, procedures and guidelines, (Decision 18 CMA.1 paragraph 3)	at the latest by 31 December 2024	No condition.
Regular annual reporting	Agreed electronic format submit for recording in the Article 6 database referred to in chapter VI.B (Article 6 database) (Decision 2/CMA.3 paragraph 20)	no later than 15 April of the relevant year after the annual ITMO payment was made	UNFCCC has established the Article 6 database and procedure to receive the Host Country’s form
Regular BTR	as an annex to its BTR that are submitted in accordance with paragraph 10(b) of the annex to decision 18/CMA.1 and in relation to its participation in cooperative approaches as provided in the paragraphs 22, 23 and 24 of Decision 2/CMA	no later than 31 December of the relevant year	No condition.
Final Corresponding Adjustment on NDC progress and GHG inventory	National Communication	Expected in 2032	No condition.

SCHEDULE 5

IBRD CARBON FINANCE ANTI-CORRUPTION GUIDELINES

The purpose of these Guidelines is to clarify the meaning of the terms “Corrupt Practices,” “Fraudulent Practices,” “Coercive Practices,” “Collusive Practices” and “Obstructive Practices” in the context of World Bank Guarantee (Partial Risk Guarantee and Partial Credit Guarantee) operations and carbon finance transactions, where the World Bank, as trustee of a carbon fund, purchases emission reductions under an emission reductions purchase agreement.

1. CORRUPT PRACTICES

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.

INTERPRETATION

- A. Corrupt practices are understood as kickbacks and bribery. The conduct in question must involve the use of improper means (such as bribery) to violate or derogate a duty owed by the recipient in order for the payor to obtain an undue advantage or to avoid an obligation. Antitrust, securities and other violations of law that are not of this nature are excluded from the definition of corrupt practices.
- B. It is acknowledged that foreign investment agreements, concessions and other types of contracts commonly require investors to make contributions for bona fide social development purposes or to provide funding for infrastructure unrelated to the project. Similarly, investors are often required or expected to make contributions to bona fide local charities. These practices are not viewed as Corrupt Practices for purposes of these definitions, so long as they are permitted under local law and fully disclosed in the payor's books and records. Similarly, an investor will not be held liable for corrupt or fraudulent practices committed by entities that administer bona fide social development funds or charitable contributions.
- C. In the context of conduct between private parties, the offering, giving, receiving or soliciting of corporate hospitality and gifts that are customary by internationally-accepted industry standards shall not constitute corrupt practices unless the action violates applicable law.
- D. Payment by private sector persons of the reasonable travel and entertainment expenses of public officials that are consistent with existing practice under relevant law and international conventions will not be viewed as Corrupt Practices.
- E. The World Bank Group does not condone facilitation payments. For the purposes of implementation, the interpretation of “Corrupt Practices” relating to facilitation payments will take into account relevant law and international conventions pertaining to corruption.

2. FRAUDULENT PRACTICES

A “Fraudulent Practice” is any action or omission, including misrepresentation, that knowingly or recklessly misleads, or attempts to mislead, a party to obtain a financial benefit or to avoid an obligation.

INTERPRETATION

- A. An action, omission, or misrepresentation will be regarded as made recklessly if it is made with reckless indifference as to whether it is true or false. Mere inaccuracy in such information, committed through simple negligence, is not enough to constitute a “Fraudulent Practice” for purposes of World Bank Group sanctions.
- B. Fraudulent Practices are intended to cover actions or omissions that are directed to or against a World Bank Group entity. It also covers Fraudulent Practices directed to or against a World Bank Group member country in connection with the award or implementation of a government contract or concession in a project financed by the World Bank Group. Frauds on other third parties are not condoned but are not specifically sanctioned in World Bank Guarantee or carbon finance operations. Similarly, other illegal behavior is not condoned, but will not be sanctioned as a Fraudulent Practice under the World Bank sanctions program as applicable to World Bank Guarantee or carbon finance operations.

3. COERCIVE PRACTICES

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.

INTERPRETATION

- A. Coercive Practices are actions undertaken for the purpose of bid rigging or in connection with public procurement or government contracting or in furtherance of a Corrupt Practice or a Fraudulent Practice.
- B. Coercive Practices are threatened or actual illegal actions such as personal injury or abduction, damage to property, or injury to legally recognizable interests, in order to obtain an undue advantage or to avoid an obligation. It is not intended to cover hard bargaining, the exercise of legal or contractual remedies or litigation.

4. COLLUSIVE PRACTICES

A “Collusive Practice” is an arrangement between two or more parties designed to achieve an improper purpose, including to influence improperly the actions of another party.

INTERPRETATION

Collusive Practices are actions undertaken for the purpose of bid rigging or in connection with public procurement or government contracting or in furtherance of a Corrupt Practice or a Fraudulent Practice.

5. OBSTRUCTIVE PRACTICES

An “Obstructive Practice” is (i) deliberately destroying, falsifying, altering or concealing of evidence material to the investigation or making of false statements to investigators, in order to materially impede a World Bank Group 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 World Bank’s access to contractually required information in connection with a World Bank Group investigation into allegations of a corrupt, fraudulent, coercive or collusive practice.

INTERPRETATION

Any action legally or otherwise properly taken by a party to maintain or preserve its regulatory, legal or constitutional rights such as the attorney-client privilege, regardless of whether such action had the effect of impeding an investigation, does not constitute an Obstructive Practice.

GENERAL INTERPRETATION

A person should not be liable for actions taken by unrelated third parties unless the first party participated in the prohibited act in question.