
LOAN NUMBER 9614-UZ

Loan Agreement

(First Inclusive and Resilient Market Economy Development Policy Loan)

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 three hundred million Dollars (\$300,000,000), 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 June 15 and December 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 64145(MCI)	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: 07-Dec-2023

**INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT**

By

Tatiana Proskuryakova

Authorized Representative

Name: Tatiana Proskuryakova

Title: Country Director for Central Asia

Date: 07-Dec-2023

SCHEDULE 1

Program Actions; Availability of Financing Proceeds

Section I. Actions under the Program

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

A. **Establishing an independent energy regulator and implementing energy tariff reform**

1. To strengthen market institutions in the energy sector, the Borrower has:
 - (a) (i) established an independent energy regulator to be responsible for consolidated regulation of the energy sector; and (ii) ordered the separation of the energy network operation and commercial functions of the power transmission company, JSC National Electric Grid of Uzbekistan (as evidenced by Decree No. 166, issued by the President, dated September 28, 2023); and
 - (b) increased tariff levels for legal entities in 2023 (as evidenced by Resolution No 475, issued by the Cabinet of Ministers, dated September 15, 2023).

B. **Strengthening the railway sector's competitive and institutional environment**

2. To strengthen competitive and institutional framework in the railway sector, the Borrower has approved institutional reforms in the sector, mandating O'zbekiston temir yo'llari to undertake the following corporate restructuring: the separation of infrastructure, freight, and passenger business units; the modernization of accounting systems to ensure effectiveness and transparency; and the unbundling and sale of non-core assets (as evidenced by Resolution No 329, issued by the President, dated October 10, 2023).

C. **Strengthening the chemical sector's competitive and institutional environment**

3. To create favorable market conditions in the chemical sector, the Borrower has: (i) mandated the organizational structure unbundling of Uzkimyosanoat (UKS) and transferred the regulatory and state owned enterprise shareholding functions of UKS to responsible government bodies (as evidenced by Decree No. 169, issued by the President, dated October 12, 2023; and (ii) authorized the MIIT to sign an agreement for the divestment of FerganaAzot following a competitive bidding process (as evidenced by Resolution No. 242, issued by the President, dated July 27, 2023).

D. Liberalizing the agriculture market and strengthening land tenure security

4. To liberalize the agriculture sector and promote higher productivity, the Borrower has: (i) abolished the crop placement system for all crops (as evidenced by Decree No. 90, issued by the President, dated June 10, 2023); and (ii) ordered measures to strengthen the implementation of the abolition of the crop placement system (as evidenced by Protocol No. 60 from the Republican Commission on deepening economic reforms in agriculture of the Cabinet of Ministers, dated and approved by the Prime Minister on 28 September, 2023).

E. Strengthening fiscal risk management

5. To strengthen fiscal risk management, the Borrower has mandated the Fiscal Risk department within the MEF to evaluate, monitor and report on contingent liabilities in public-private partnership (PPP) projects and to define the methodology (as evidenced by Resolution No. 558, issued by the Cabinet of Ministers, dated October 23, 2023).

F. Consolidating and strengthening Uzbekistan's social protection system

6. To consolidate and strengthen Uzbekistan's social protection system and ensure a well-coordinated policy framework, the Borrower has established the National Agency for Social Protection under the President with the mandate to lead the social protection policy (as evidenced by Decree No. 82, issued by the President, dated June 1, 2023).

G. Strengthening the protection of women against violence

7. To strengthen the protection of women against violence, including intimate partner violence (physical, sexual, economic, and psychological) and sexual violence by a non-partner, the Borrower has approved measures which, *inter alia*, criminalize domestic violence, increase punishments for sexual crimes, make economic and psychological violence and sexual harassment criminal offense, and extend protection orders for survivors of gender based violence to up to one year (as evidenced by Law No. 829, dated April 11, 2023).

H. Expanding access to state-sponsored free legal aid

8. To improve access to free legal aid for low-income persons, including survivors of gender-based violence, the Borrower has expanded the eligibility for state-sponsored legal representation to low-income persons in civil and criminal cases (as evidenced by Law No. 848, dated June 16, 2023).

I. Advancing climate change goals and transitioning to a green economy

9. To scale up action on climate change, the Borrower has set more ambitious climate mitigation and adaptation targets and timebound programs (as evidenced by Resolution No. 436, issued by the President, dated December 2, 2022).

J. Strengthening climate and environmental institutions and improving air quality

10. To step up action on air quality management and improve the institutional alignment for environment and climate change, the Borrower has: (i) strengthened the capacity and mandate of the new MEECC; (ii) updated the air pollution control framework by revisions to the pollution charge system; and (iii) improved air quality monitoring and enforcement (as evidenced by Resolution No. 171 and Decree No. 81, issued by the President, dated May 31, 2023).

K. Greening financial flow

11. To attract investments into green activities, the Borrower has established a national green taxonomy that sets a clear framework for defining environmental sustainability (as evidenced by Resolution No. 561, issued by the Cabinet of Ministers, dated October 25, 2023).

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	299,250,000.00
(2) Front-end Fee	750,000.00
(3) Amount due pursuant to Section 4.05 (c) of the General Conditions	0
TOTAL AMOUNT	300,000,000

C. Withdrawal Tranche Release Conditions.

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: 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 June 30, 2025.

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 Repayment

Principal Payment Date	Installment Share
On each June 15 and December 15 Beginning December 15, 2028 through June 15, 2048	2.5%

APPENDIX

Section I. Definitions

1. “Association” means the Association for International Development.
2. “Cabinet of Ministers” means the Cabinet of Ministers of the Republic of Uzbekistan.
3. “Central Bank of Uzbekistan” means the Borrower’s Central Bank.
4. “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): 7439-UZ; and Credit (B): 7440-UZ). “Financing Agreement” includes all appendices, schedules, and agreements supplemental to the Financing Agreement.
5. “Foreign Currency Dedicated Account” means the account referred to in Part D.1(a) of Section II of Schedule 1 to this Agreement.
6. “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).
7. “Loan Agreement” means this Agreement, including all appendices, schedules and agreements supplemental to it.
8. “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.
9. “Ministry of Environment, Ecology and Climate Change” or the acronym “MEECC” means the Borrower’s Ministry of Environment, Ecology and Climate Change.
10. “Ministry of Industry, Investment and Trade” or the acronym “MIIT” means the Borrower’s Ministry of Industry, Investment and Trade.
11. “President” means the President of the Republic of Uzbekistan.
12. “Prime Minister” means the Prime Minister of the Republic of Uzbekistan.
13. “Program” means the program of objectives, policies, and actions set forth or referred to in the letter dated October 28, 2023 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.
14. “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 Loan Agreement” in the General Conditions.

15. “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.
16. “Sum” means the Borrower’s lawful currency.
17. “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 7441-UZ). “SUW Financing Agreement” includes all appendices, schedules, and agreements supplemental to the SUW Financing Agreement.
18. “Treasury Single Account System” means the Bank’s single treasury accounts held at the Central Bank of Uzbekistan in Sums and foreign currency and used to make payments for the budgeted expenditures.