
LOAN NUMBER 9102-UZ

Loan Agreement

(Sustaining Market Reforms in Uzbekistan Supplementary 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 (as defined in the Appendix to this Agreement); (ii) the progress achieved by the Borrower in carrying out the Program; and (iii) the Borrower’s maintenance of an adequate macroeconomic policy framework.

WHEREAS (A) under an agreement, dated July 19, 2019, between the Borrower and the Bank (“Original Loan Agreement”), the Bank agreed to extend to the Borrower a loan in the amount of five hundred million Dollars (\$500,000,000) for the purpose of providing financing in support of the Program (as defined in the Appendix to the Original Loan Agreement);

(B) the Borrower has requested the Bank to provide supplemental financing to meet the Program’s increased funding requirements caused by the COVID-19 pandemic; and

(C) the Bank has decided to provide the supplemental loan 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 the Original Loan Agreement; and (ii) the Borrower’s maintenance of an adequate macroeconomic policy framework.

The Borrower and the Bank therefore hereby agree as follows:

ARTICLE I — GENERAL CONDITIONS; DEFINITIONS

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

ARTICLE II — LOAN

- 2.01. The Bank agrees to lend to the Borrower the amount of two hundred million Dollars (USD 200,000,000), 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) without limitation upon paragraph (a) 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 I 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 and is continuing for a period of 60 days after notice of the event has been given by the Bank to the Borrower.

ARTICLE V — EFFECTIVENESS; TERMINATION

- 5.01. The Additional Condition of Effectiveness consists of the following, namely that 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.

5.02. The Effectiveness Deadline is the date thirty (30) days after the Signature Date.

ARTICLE VI — REPRESENTATIVE; ADDRESSES

6.01. The Borrower's Representative is its Minister of Finance.

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

(a) the Borrower's address is:

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

(b) the Borrower's Electronic Address is:

Telex:	Facsimile:	E-mail:
11 6360 IK BOL	(998-71) 239-1252 (998-71) 239-1259	info@mf.uz

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



Authorized Representative

Name: TIMUR ISHMETOV

Title: MINISTER OF FINANCE

Date: MAY 1, 2020.

**INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT**

By



Authorized Representative

Name: Hideki Mori

Title: Country Manager for Uzbekistan

Date: May 1, 2020

SCHEDULE 1

Availability of Loan Proceeds

Section I. 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 (except for amounts required to pay the Front-end Fee) is allocated in a single withdrawal tranche, from which the Borrower may make withdrawals of the Loan proceeds. 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 USD)
(1) Single Withdrawal Tranche	199,500,000
(2) Front-end Fee	500,000
(3) Amount due pursuant to Section 4.05 (c) of the General Conditions	
TOTAL AMOUNT	200,000,000

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 a dedicated account in United States Dollars ("Foreign Currency Dedicated Account") at the Central Bank of Uzbekistan ("CBU") on terms and conditions satisfactory to the Bank; 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 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. Audit. The Borrower shall:

1. have the Foreign Currency Dedicated Account audited by independent auditors acceptable to the Bank, in accordance with consistently applied auditing standards acceptable to the Bank;
2. furnish to the Bank as soon as available, but in any case not later than five (5) months after the end of the Borrower's fiscal year, a certified copy of the report of such audit, of such scope and in such detail as the Bank shall reasonably request, and make such report publicly available in a timely fashion and in a manner acceptable to the Bank; and
3. furnish to the Bank such other information concerning the Foreign Currency Dedicated Account and their audit as the Bank shall reasonably request.

F. Closing Date. The Closing Date is December 31, 2020.

SCHEDULE 2

Commitment-Linked Amortization Repayment Schedule

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

Level Principal Repayments

Principal Payment Date	Installment Share
On each June 15 and December 15 Beginning June 15, 2025 through December 15, 2049	2%

APPENDIX

Section I. Definitions

1. "Central Bank of Uzbekistan" or "CBU" means the central bank of the Borrower.
2. "COVID-19" means the coronavirus disease caused by the 2019 novel coronavirus (SARS-CoV-2).
3. "Foreign Currency Dedicated Account" means the account referred to in Part D.1(a) of Section II of Schedule 1 to this Agreement.
4. "General Conditions" means the "International Bank for Reconstruction and Development General Conditions for IBRD Financing, Development Policy Financing", dated December 14, 2018.
5. "Original Loan Agreement" means the Loan Agreement dated July 19, 2019 between the Borrower and the Bank relating to the Program.
6. "Program" means: the program of objectives, policies, and actions set forth or referred to in the letter dated April 12, 2019 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 the Original Loan Agreement, and actions to be taken consistent with the program's objectives.
7. "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.
8. "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.
9. "Treasury Single Account System" means the Recipient's single treasury accounts held at the CBU in UZS and foreign currency and used to make payments for the budgeted expenditures.
10. "Uzbekistan som" or "UZS" means the lawful currency of Uzbekistan.