

## **Uruguay**

### **Uruguay Green and Resilient Growth Development Policy Loan**

#### **Chair Summary\***

**November 16, 2023**

Executive Directors approved an IBRD loan in the amount of US\$350 million and authorized a total transfer from the IBRD Fund for Innovative Global Public Goods Solutions (GPG fund) for US\$14 million in grants (including delegated authority to the LAC RVP for an amount of \$1 million), for the Uruguay Green and Resilient Growth Development Policy Loan (DPL). Executive Directors also approved an amendment of Executive Directors' Resolution No. 2019-0006 to extend the termination date of the GPG Fund to June 30, 2050, as well as a waiver to the standard interest terms applicable to IBRD loans as described in the Memorandum of the President.

Directors appreciated the financial innovation of this operation through a buy-down of the loan's interest payments based on verifiable performance against climate targets and the simplification provided by integrating the buy-down provision in the terms of the standard financing agreement. They noted that this is a valuable pilot from which lessons can be drawn. This operation represents a replicable and scalable model to provide concessional climate financing to incentivize countries to further strengthen their contribution to GPGs. They highlighted that this operation provides a concrete example to help the Bank enhance its financing instruments as part of the Evolution Roadmap.

Directors encouraged management to prioritize private capital mobilization in future operations and highlighted the need for continued discussion on harmonizing principles and approaches that would guide allocation of concessionality in future operations, including to inform the design of the Livable Planet Fund. They also encouraged the refinement of the methodology to target both financial and non-financial incentives, for future operations.

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\*This Summary is not an approved record.