
CREDIT (A) NUMBER 7439-UZ
CREDIT (B) NUMBER 7440-UZ

Financing Agreement

(First Inclusive and Resilient Market Economy Development Policy Financing)

between

REPUBLIC OF UZBEKISTAN

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

FINANCING AGREEMENT

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

ARTICLE I — GENERAL CONDITIONS; DEFINITIONS

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

ARTICLE II — FINANCING

- 2.01. The Association agrees to extend to the Recipient credits, which are deemed as Concessional Financing for purposes of the General Conditions (collectively, “Financing”), in the following amounts:
 - (a) the amount of one hundred and sixty million Dollars (\$160,000,000) (“Credit (A)”); and
 - (b) the amount of two hundred and forty million Dollars (\$240,000,000) (“Credit (B)”).
- 2.02. The Maximum Commitment Charge Rate is one-half of one percent (1/2 of 1%) per annum on the Unwithdrawn Financing Balance.
- 2.03. The Service Charge is applicable only to Credit (A) and is the greater of: (a) the sum of three-fourths of one percent (3/4 of 1%) per annum plus the Basis Adjustment to the Service Charge; and (b) three-fourths of one percent (3/4 of 1%) per annum; on the amounts of Credit (A) withdrawn from the Credit Account for Credit (A).

- 2.04. The Interest Charge is applicable only to Credit (A) and is the greater of: (a) the sum of one and a quarter percent (1.25%) per annum plus the Basis Adjustment to the Interest Charge; and (b) zero percent (0%) per annum; on the amounts of Credit (A) withdrawn from the Credit Account for Credit (A).
- 2.05. The Payment Dates are June 15 and December 15 in each year.
- 2.06. The principal amount of the Financing shall be repaid in accordance with the repayment schedule set forth in Schedule 2 to this Agreement.
- 2.07. The Payment Currency is Dollar.
- 2.08. Without limitation upon the provisions of Section 5.05 of the General Conditions, the Recipient shall promptly furnish to the Association such information relating to the provisions of this Article II as the Association may, from time to time, reasonably request.

ARTICLE III — PROGRAM

- 3.01. The Recipient declares its commitment to the Program and its implementation. To this end, and further to Section 5.05 of the General Conditions:
 - (a) the Recipient and the Association shall from time to time, at the request of either party, exchange views on the Recipient's macroeconomic policy framework and the progress achieved in carrying out the Program;
 - (b) prior to each such exchange of views, the Recipient shall furnish to the Association for its review and comment a report on the progress achieved in carrying out the Program, in such detail as the Association shall reasonably request; and
 - (c) without limitation upon the provisions of paragraphs (a) and (b) of this Section, the Recipient shall promptly inform the Association of any situation that would have the effect of materially reversing the objectives of the Program or any action taken under the Program including any action specified in Section I of Schedule 1 to this Agreement.

ARTICLE IV — REMEDIES OF THE ASSOCIATION

- 4.01. The Additional Event of Suspension consists of the following, namely, that a situation has arisen which shall make it improbable that the Program, or a significant part of it, will be carried out.
- 4.02. The Additional Event of Acceleration consists of the following, namely, that the event specified in Section 4.01 of this Agreement occurs.

ARTICLE V — EFFECTIVENESS; TERMINATION

- 5.01. The Additional Conditions of Effectiveness consist of the following:
 - (a) The Association is satisfied with the progress achieved by the Recipient in carrying out the Program and with the adequacy of the Recipient's macroeconomic policy framework.
 - (b) The Loan Agreement has been executed and delivered and all conditions precedent to its effectiveness or to the right of the Recipient to make withdrawals under it (other than the effectiveness of this Financing Agreement) have been fulfilled.
 - (c) The SUW Financing Agreement has been executed and delivered and all conditions precedent to its effectiveness or to the right of the Recipient to make withdrawals under it (other than the effectiveness of this Financing Agreement) have been fulfilled.
- 5.02. The Effectiveness Deadline is the date ninety (90) days after the Signature Date.

ARTICLE VI — REPRESENTATIVE; ADDRESSES

- 6.01. The Recipient's Representative is its Minister of Economy and Finance.
- 6.02. For purposes of Section 11.01 of the General Conditions:
 - (a) the Recipient's address is:

Ministry of Economy and Finance
29, Istiklol St.
Tashkent, Republic of Uzbekistan; and
 - (b) the Recipient's Electronic Address is:

Facsimile:
(998-71) 203-5050

6.03. For purposes of Section 11.01 of the General Conditions:

(a) the Association's address is:

International Development Association
1818 H Street, N.W.
Washington, D.C. 20433
United States of America; and

(b) the Association's Electronic Address is:

Telex:

248423 (MCI)

Facsimile:

1-202-477-6391

AGREED as of the Signature Date.

REPUBLIC OF UZBEKISTAN

By

Djamshid kuchkarov

Authorized Representative

Name: Djamshid kuchkarov

Title: MINISTER OF ECONOMY AND FINANCE

Date: 07-Dec-2023

INTERNATIONAL DEVELOPMENT ASSOCIATION

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 Recipient 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 Recipient 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 Recipient 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 Recipient has: (i) mandated the organizational structure unbundling of

Uzkiyosanoat (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 Recipient 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 Recipient 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 Recipient 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 Recipient 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 Recipient 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 Recipient 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 Recipient 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 Recipient 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 Financing Proceeds

A. General. The Recipient may withdraw the proceeds of the Financing in accordance with the provisions of this Section and such additional instructions as the Association may specify by notice to the Recipient.

B. Allocation of Financing Amounts. The Financing is allocated in a single withdrawal tranche, from which the Recipient may make withdrawals of the

Financing proceeds. The allocation of the amounts of the Financing to this end is set out in the table below:

Allocations	Amount of Credit (A) Allocated (expressed in USD)	Amount of Credit (B) Allocated (expressed in USD)
(1) Single Withdrawal Tranche	160,000,000	240,000,000
TOTAL AMOUNT	160,000,000	240,000,000

C. Withdrawal Tranche Release Conditions.

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

D. Deposit of Financing Amounts.

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

the Recipient's budget management systems; and (d) the statement of receipts and disbursement of the Foreign Currency Dedicated Accounts.

E. Closing Date. The Closing Date is June 30, 2025.

SCHEDULE 2

Repayment Schedule

A. Repayment of Credit (A)

Date Payment Due	Principal Amount of Credit (A) repayable (expressed as a percentage)*
On each June 15 and December 15:	
commencing December 15, 2028 to and including June 15, 2048	1.65%
commencing December 15, 2048 to and including June 15, 2053	3.40%

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

B. Repayment of Credit (B)

Date Payment Due	Principal Amount of Credit (B) repayable (expressed as a percentage)*
On each June 15 and December 15:	
commencing December 15, 2029 to and including December 15, 2034	8.33334%
on June 15, 2035	8.33326%

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

APPENDIX

Section I. Definitions

1. “Bank” means the International Bank for Reconstruction and Development.
2. “Basis Adjustment to the Interest Charge” means the Association’s standard basis adjustment to the Interest Charge for credits in the currency of denomination of Credit (A), in effect at 12:01 a.m. Washington, D.C. time, on the date on which Credit (A) is approved by the Executive Directors of the Association, and expressed either as a positive or negative percentage per annum.
3. “Basis Adjustment to the Service Charge” means the Association’s standard basis adjustment to the Service Charge for credits in the currency of denomination of Credit (A), in effect at 12:01 a.m. Washington, D.C. time, on the date on which Credit (A) is approved by the Executive Directors of the Association, and expressed as a percentage per annum.
4. “Cabinet of Ministers” means the Cabinet of Ministers of the Republic of Uzbekistan.
5. “Credit (A)” means the credit in the amount referenced in Section 2.01(a) of this Agreement (Credit number 7439-UZ) and the Credit for purposes of paragraph 24 of the Appendix to the General Conditions.
6. “Credit (A) Foreign Currency Dedicated Account” means the account referred to in Part D.1(a)(i) of Section II of Schedule 1 to this Agreement.
7. “Credit (B)” means the credit in the amount referenced in Section 2.01(b) of this Agreement (Credit number 7440-UZ) and the Credit for purposes of paragraph 24 of the Appendix to the General Conditions.
8. “Credit (B) Foreign Currency Dedicated Account” means the account referred to in Part D.1(a)(ii) of Section II of Schedule 1 to this Agreement.
9. “Financing Agreement” means this Agreement, including all appendices, schedules and agreements supplemental to it.
10. “Foreign Currency Dedicated Accounts” means the Credit (A) Foreign Currency Dedicated Account and the Credit (B) Foreign Currency Dedicated Account.

11. “General Conditions” means the “International Development Association General Conditions for IDA Financing, Development Policy Financing”, dated December 14, 2018 (Last revised on July 15, 2023).
12. “Loan Agreement” means the loan agreement for the Program between the Recipient and the Bank, dated the same date as this Agreement, as such loan agreement may be amended from time to time (Loan number 9614-UZ). “Loan Agreement” includes all appendices, schedules and agreements supplemental to the Loan Agreement.
13. “Ministry of Economy and Finance” or the acronym “MEF” means the Recipient’s Ministry of Economy and Finance or any successor thereto acceptable to the Association.
14. “Ministry of Environment, Ecology and Climate Change” or the acronym “MEECC” means the Recipient’s Ministry of Environment, Ecology and Climate Change.
15. “Ministry of Industry, Investment and Trade” or the acronym “MIIT” means the Recipient’s Ministry of Industry, Investment and Trade.
16. “President” means the President of the Republic of Uzbekistan.
17. “Prime Minister” means the Prime Minister of the Republic of Uzbekistan.
18. “Program” means: the program of objectives, policies, and actions set forth or referred to in the letter dated October 28, 2023 from the Recipient to the Association declaring the Recipient’s commitment to the execution of the Program, and requesting assistance from the Association in support of the Program during its execution and comprising actions taken, including those set forth in Section I of Schedule 1 to this Agreement, and actions to be taken consistent with the program’s objectives.
19. “Signature Date” means the later of the two dates on which the Recipient and the Association signed this Agreement and such definition applies to all references to “the date of the Financing Agreement” in the General Conditions.
20. “Single Withdrawal Tranche” means the amount of the Financing allocated to the category entitled “Single Withdrawal Tranche” in the table set forth in Part B of Section II of Schedule 1 to this Agreement.
21. “Sum” means the Recipient’s lawful currency.
22. “SUW Financing Agreement” means the scale-up window financing agreement for the Program between the Recipient and the Association, dated

the same date as this Agreement, as such financing agreement may be amended from time to time (Credit number 7441-UZ). “SUW Financing Agreement” includes all appendices, schedules and agreements supplemental to such agreement.

23. “Treasury Single Account System” means the Recipient’s single treasury accounts held at the Central Bank of Uzbekistan in Sums and foreign currency and used to make payments for the budgeted expenditures.