Loan Agreement

(Medium-Size Cities Integrated Urban Development Project)

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"). The Borrower and the Bank 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 one hundred million United States Dollars (US$100,000,000), as such amount may be converted from time to time through a Currency Conversion ("Loan"), to assist in financing the project described in Schedule 1 to this Agreement ("Project").

2.02. The Borrower may withdraw the proceeds of the Loan in accordance with Section III of Schedule 2 to this Agreement.

2.03. The Front-end Fee is one quarter of one percent (0.25%) of the Loan amount.

2.04. The Commitment Charge is one quarter of one percent (0.25%) per annum on the Unwithdrawn Loan Balance.

2.05. The interest rate is the Reference Rate plus the Fixed Spread or such rate as may apply following a Conversion; subject to Section 3.02(e) of the General Conditions.

2.06. The Payment Dates are May 15 and November 15 in each year.

2.07. The principal amount of the Loan shall be repaid in accordance with Schedule 3 to this Agreement.

ARTICLE III — PROJECT

3.01. The Borrower declares its commitment to the objectives of the Project. To this end, the Borrower shall carry out the Project through the MIFT in accordance with the provisions of Article V of the General Conditions and Schedule 2 to this Agreement.
ARTICLE IV — EFFECTIVENESS; TERMINATION

4.01. The Additional Condition of Effectiveness consist of the following: the Project Operational Manual has been adopted by the MIFT, in a form and substance acceptable to the Bank.

4.02. The Effectiveness Deadline is the date ninety (90) days after the Signature Date.

4.03. For purposes of Section 9.05 (b) of the General Conditions, the date on which the obligations of the Borrower under this Agreement (other than those providing for payment obligations) shall terminate is twenty (20) years after the Signature Date.

ARTICLE V — REPRESENTATIVE; ADDRESSES

5.01. The Borrower’s Representative is its Minister of Finance.

5.02. 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: 11 6360 IK BOL
Facsimile: (998-71) 239-1225
(998-71) 244-5643

5.03. 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: 248423(MCI) or 64145(MCI)
Facsimile: 1-202-477-6391
AGREED as of the Signature Date.

REPUBLIC OF UZBEKISTAN

By

Authorized Representative

Name: DJAMSHID KURKAROV

Title: DEPUTY PRIME MINISTER AND MINISTER OF FINANCE

Date: APRIL 11, 2019

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

By

Authorized Representative

Name: CYRIL MILLER

Title: REGIONAL VICE PRESIDENT, EUROPE AND CENTRAL ASIA REGION

Date: APRIL 11, 2019
SCHEDULE I

Project Description

The objectives of the Project are to support the Borrower to: (a) improve selected urban infrastructure, public spaces and assets, and access to services in Participating Cities; and (b) strengthen the institutional capacity of the Borrower’s relevant agencies to deliver and manage local infrastructure.

The Project consists of the following parts:

Part 1. Improvement of Urban Services and Enhancement of Public Urban Spaces

Provision of support for selected infrastructure investments in the Participating Cities to address the needs for targeted area-based urban upgrading and complementary infrastructure, services and connectivity, and improve the livability of the Participating Cities, through the carrying out of the following activities, *inter alia*:

(i) enhancement of public spaces and upgrading of street networks and associated infrastructure (urbanscaping);
(ii) construction works for the adaptive reuse of selected cultural heritage buildings (taking into consideration energy efficiency standards);
(iii) improvements in urban mobility and other urban infrastructure upgrading;
(iv) improvements to selected basic infrastructure and services that are part of larger networks when deemed necessary to address bottlenecks hindering urban functionality and/or complement the long-term functionality and increase effectiveness of area-specific urban upgrading efforts;
(v) upgrading of vehicular, pedestrian and multi-modal accesses, including upgrading of bridges to reduce severance in all cities;
(vi) enhancement of local power transformers;
(vii) rehabilitating and improvements/modernization of trunk infrastructure, including water supply and sewage networks;
(viii) support to solid waste management systems;
(ix) upgrading of storm water drainage systems; and
(x) preparation of necessary feasibility studies, detailed designs (including urban design studies), and construction supervision for the above listed activities.

Part 2. Institutional Strengthening and Capacity Building

1. Institutional strengthening and capacity building of the Participating Cities

Provision of capacity building support, through technical assistance and goods, to the Participating Cities in the following areas, without being limited to: (i) asset management systems and management of integrated urban mobility; (ii) sustainable tourism development; and (iii) cooperation with the private sector.
2. **Support of the National Medium-Size Cities Program**

Capacity building and institutional strengthening of the agencies and ministries of the Borrower to:

(i) carry out preliminary studies for the design of a national medium-size city program, including the methodology and approach required to enable the prioritization and preparation of integrated investment packages for the Participating Cities; and

(ii) carry out activities, at the national level, in the following areas, without being limited to: (a) public financial management; (b) sustainable tourism development; and (c) integrated spatial/territorial planning, including consideration to civic engagement and gender inclusion.

**Part C. Implementation Support**

Provision of support to the MIFT to: (i) carry out Project management activities, including, monitoring, evaluation, coordination and supervision of the Project, and Project audits; and (ii) develop and implement strategic communication for the Project and citizens’ engagement activities.
SCHEDULE 2

Project Execution

Section I. Implementation Arrangements

A. Institutional Arrangements

1. The Borrower shall maintain, throughout the Project implementation the SC with a structure, functions and responsibilities acceptable to the Bank, to facilitate Project coordination and support.

2. (a) The MIFT shall: (i) maintain, throughout Project implementation, the PIU with a structure, functions and responsibilities and adequate staff (all as further described in the POM), all acceptable to the Bank, for the purposes of day-to-day Project management, monitoring, evaluation and supervision, including for the local working-level coordination; and (ii) carry out the Project in accordance with the requirements, criteria, organizational arrangements and operational procedures set forth in this Agreement and in the POM.

(b) In case of any inconsistency between the provisions of the POM and those of this Agreement, the provisions of this Agreement shall prevail.

3. The MIFT shall establish in a timely manner and maintain, throughout Project implementation, the financial management capacity of the PIU satisfactory to the Bank.

B. Safeguards

1. The MIFT shall ensure that the Project activities are carried out in accordance with the Safeguards Documents.

2. Without limitation upon paragraph 1 above, the MIFT shall ensure that:

(a) for each activity under the Project for which the ESMF provides that an ESIA and/or an ESMP shall be prepared, such ESIA and/or ESMP, as appropriate: (i) is prepared in accordance with the ESMF; (ii) consulted upon and disclosed locally; (iii) furnished to the Bank for approval; and (iv) thereafter adopted prior to the implementation of such activity; all in a manner acceptable to the Bank;

(b) for each activity under the Project for which the RPF provides that a RAP shall be prepared, such RAP: (i) is prepared in accordance with the RPF; (ii) consulted upon and disclosed locally; (iii) furnished to the Bank for approval; and (iv) thereafter adopted prior to the implementation of such activity; all in a manner acceptable to the Bank; and
(c) pursuant to subparagraphs (a) and (b) above, the Project activities are carried out in accordance with the ESIs, ESMPs and RAPs, as appropriate.

3. Without limitation upon paragraphs 1 and 2 above, if any activity under the Project would involve the Affected Persons, the MIFT shall ensure that no physical or economic displacement shall occur before resettlement measures under the respective RAP, including full payment to the Affected Persons of compensation and other resettlement assistance, have been implemented, all in a manner acceptable to the Bank.

4. The MIFT shall ensure that each contract for civil works under the Project include the obligation of the relevant contractor to comply with relevant Safeguards Documents applicable to such civil works commissioned/awarded pursuant to said contract.

5. The MIFT shall maintain, throughout Project implementation, and publicize the availability of a grievance redress mechanism, acceptable to the Bank, to hear and determine fairly and in good faith all complaints raised in relation to the Project, and take all measures necessary to implement the determinations made by such mechanism in a manner satisfactory to the Bank.

6. The MIFT shall ensure that the terms of reference for any consultancy required under the Project shall be satisfactory to the Bank following its review thereof, and to that end, such terms of reference shall duly incorporate the requirements of the Bank’s Safeguards Policies as applied to the advice conveyed through such technical assistance.

7. The MIFT shall not amend, abrogate, suspend or waive, or permit to be amended, abrogated, suspended or waived, any provision of Safeguard Document without the prior written approval of the Bank.

8. In the event that any provision of the Safeguards Documents shall conflict with any provision under this Agreement, the provisions of this Agreement shall prevail.

9. The MIFT shall ensure that the Project does not include any activities that involve the use or potential pollution of International Waterways, except for activities described in Part 1 (vii) and Part 1 (ix) of Schedule 1 to this Agreement.

Section II. Project Monitoring Reporting and Evaluation

The MIFT shall furnish to the Bank each Project Report not later than one month after the end of June and December of each year during Project implementation, covering such preceding period.

Section III. Withdrawal of Loan Proceeds
A. General

Without limitation upon the provisions of Article II of the General Conditions and in accordance with the Disbursement and Financial Information Letter, the Borrower may withdraw the proceeds of the Loan to: (a) finance Eligible Expenditures; and (b) pay: (i) the Front-end Fee; and (ii) each Interest Rate Cap or Interest Rate Collar premium; in the amount allocated and, if applicable, up to the percentage set forth against each Category of the following table:
<table>
<thead>
<tr>
<th>Category</th>
<th>Amount of the Loan Allocated (expressed in USD)</th>
<th>Percentage of Expenditures to be Financed (exclusive of Taxes other than Withheld Taxes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Goods, works, non-consulting services, consulting services, Incremental Operating Costs and Training for the Project</td>
<td>99,750,000</td>
<td>100%</td>
</tr>
<tr>
<td>(2) Front-end Fee</td>
<td>250,000</td>
<td>Amount payable pursuant to Section 2.03 of this Agreement in accordance with Section 2.07 (b) of the General Conditions</td>
</tr>
<tr>
<td>(3) Interest Rate Cap or Interest Rate Collar premium</td>
<td></td>
<td>Amount due pursuant to Section 4.05 (c) of the General Conditions</td>
</tr>
<tr>
<td>TOTAL AMOUNT</td>
<td>100,000,000</td>
<td></td>
</tr>
</tbody>
</table>

B. Withdrawal Conditions; Withdrawal Period

1. Notwithstanding the provisions of Part A above, no withdrawal shall be made for payments made prior to the Signature Date.

2. The Closing Date is June 30, 2025.
SCHEDULE 3

Level Principal Repayments

<table>
<thead>
<tr>
<th>Principal Payment Date</th>
<th>Installment Share</th>
</tr>
</thead>
<tbody>
<tr>
<td>On each May 15 and November 15 Beginning May 15, 2024 through November 15, 2048</td>
<td>2%</td>
</tr>
</tbody>
</table>
APPENDIX

Definitions

1. “Affected Person” means a person or entity who as a result of: (i) the involuntary taking of land under the Project is affected in any of the following ways: (A) relocation or loss of shelter; (B) loss of assets or access to assets; or (C) loss of income sources or means of livelihood, whether or not the affected person must move to another location; or (ii) the involuntary restriction of access to legally designated parks and protected areas suffers adverse impacts on his or her livelihood; and, “Affected Persons”, means more than one such Affected Person.

2. “Anti-Corruption Guidelines” means, for purposes of paragraph 5 of the Appendix to the General Conditions, the “Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants”, dated October 15, 2006 and revised in January 2011 and as of July 1, 2016.


4. “Category” means a category set forth in the table in Section III.A of Schedule 2 to this Agreement.

5. “Chartak City” means the city of Chartak within the Namangan Region in the eastern part of the Borrower's territory, or any successor thereto, acceptable to the Bank.

6. “ESIA” means an environmental and social impact assessment satisfactory to the Bank, to be prepared by the Borrower pursuant to the provisions of ESMF identifying and assessing the potential environmental impacts of the activities to be undertaken under the Project, evaluating alternatives, and designing appropriate mitigation, management and monitoring measures, and the “ESIAs” means the plural thereof.

7. “ESMF” means the Borrower's environmental and social management framework, acceptable to the Bank, and disclosed by the Borrower on September 17, 2018, and on the Bank's website on October 8, 2018, providing for, inter alia: (a) the Safeguard Documents; (b) environmental and social impacts associated with the proposed investments and generic mitigation measures; (c) guidelines on conducting environmental screening, as well as the ESIA, including defining mitigation measures and monitoring activities for different types of activities; (d) roles and responsibilities in environmental assessment process and in supervision and reporting; (e) the ESMP and ESMP Checklist to be applied within the environmental assessment process; and (f) capacity building activities to ensure an efficient ESMF implementation, as the said framework may be amended and/or supplemented from time to time with
the prior written consent of the Bank, and such term includes any schedules to such document.

8. “ESMP” means a site specific environmental and social management plan, satisfactory to the Bank, to be prepared by the Borrower pursuant to the provisions of ESMF, as such plan may be amended from time to time with the prior written approval of the Bank, and “ESMPs” means the plural thereof.

9. “ESMP Checklist” means a site-specific Environmental and Social Management Plan Checklist, as required by the ESMF, and satisfactory to the Bank, developed specifically for minor construction/rehabilitation works in respect of activities to be undertaken under the Project at a specific site and defining details of measures to manage potential environmental risks and mitigate, reduce and/or offset adverse environmental impacts associated with the implementation of said activities, together with adequate institutional, monitoring and reporting arrangements capable of ensuring proper implementation of, and regular feedback on compliance with, its terms, as the same may be amended and supplemented from time to time with the Bank’s prior written approval; and “ESMP Checklists” means the plural thereof.


11. “Incremental Operating Costs” means incremental operating expenditures incurred by the MIFT and PIU, on account of activities related to the management, monitoring, evaluation, coordination and implementation of the Project, including office equipment maintenance and repair, vehicles, local travel, communication, translation and interpretation, bank charges, consulting services, salaries of staff for the PIU and other costs of similar nature directly associated with the Project, all based on periodic budgets acceptable to the Bank.

12. “International Waterways” means: (a) any river, canal, lake, or similar body of water that forms a boundary between, or any river or body of surface water that flows through, two or more states; (b) any tributary or other body of surface water that is a component of any waterway described in (a) above; and (c) any bay, gulf, strait, or channel bounded by two or more states or, if within one state, recognized as a necessary channel of communication between the open sea and other states, and any river flowing into such waters.

13. “Kagan City” means the city of Kagan within the Bukhara Region of the Borrower’s territory, or any successor thereto, acceptable to the Bank.

15. “Participating Cities” means, collectively, Kagan City, Yangiyul City and Chartak City, as well as any other city selected by the Borrower in consultation with, and upon approval by, the Bank, and in accordance with the POM.


17. “Project Implementation Unit” or “PIU” means the unit established under the MIFT pursuant to charter dated August 13, 2018, registration number 1181921, or any successor thereto, acceptable to the Bank.

18. “Project Operational Manual” or “POM” means the manual, acceptable to the Bank, and adopted by the MIFT in accordance with Section 5.01 (a) of this Agreement setting forth, inter alia: (a) the operational and administrative responsibilities: (b) procedures and rules for the implementation of the Project: (c) data collection and reporting: and (d) a manual of financial management procedures that sets out procedures for Project accounting, reporting and audit, disbursements, flow of funds and management of the designated account, as said manual the same may be amended from time to time with the agreement of the Bank.

19. “RAP” means a site specific resettlement action plan, satisfactory to the Bank, to be prepared by the MIFT pursuant to the provisions of RPF for compensation, resettlement and rehabilitation of the Affected Persons, in connection with the works to be implemented under the Project, as such plan may be amended from time to time with the prior written approval of the Bank, and “RAPs” means the plural thereof.

20. “Resettlement Policy Framework” or “RPF” means the Borrower’s framework, acceptable to the Bank, and disclosed by the Borrower on September 17, 2018, and on the Bank’s website on October 5, 2018, setting forth the policies and procedures to prepare and implement RAPs, as the said framework may be amended and/or supplemented from time to time with the prior written consent of the Bank, and such term includes any schedules to such document.

21. “Safeguards Documents” means, collectively, the ESMF, RPF, ESIA, ESMP, ESMP Checklists and RAPs; and “Safeguards Document” means any of such Safeguards Documents.

22. “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.

23. “Steering Committee” or “SC” means the Borrower’s committee established pursuant to Instruction issued by the Deputy Prime Minister/MIFT, dated May 7, 2018.
24. “Training” means expenditures proposed by the MIIF in connection with the Project related study tours, training courses, seminars, workshops and other training activities, including costs of training materials, space and equipment rental, travel, accommodation and per diem costs of trainees and trainers, trainers’ fees, and other training related miscellaneous costs, as approved by the Bank.

25. “Withheld Taxes” means the following taxes withheld at source: taxes for social charges; income taxes for residents and non-residents; and custom registrations duties withheld at the source.

26. “Yangiyul City” means the city of Yangiyul within the Tashkent Region of the Borrower’s territory, or any successor thereto, acceptable to the Bank.