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# New measures are taken to attract investment to Karakalpakstan

In order to attract investment to the Republic of Karakalpakstan and to further expand the region's opportunities, Decree of the President No. UP-129 "On additional measures to create favorable conditions for entrepreneurs in the Republic of Karakalpakstan" was adopted on August 8, 2023 (the "Decree No. UP-129").

According to the Decree No. UP-129, the Fund for Reconstruction and Development will allocate 100 million USD to commercial banks to finance investment projects to expand production in the Republic of Karakalpakstan.

At the same time, within the framework of these funds:

- ▶ loans to finance investment projects are allocated at the rate of 5% per annum in foreign currency and 12% per annum in national currency for a period of 10 years with a 5-year grace period. At the same time, the commercial bank's margin is set at 1% for loans in foreign currency and 2% for loans in national currency;
- ▶ projects are implemented by investment companies under the founding of commercial banks with subsequent realization to entrepreneurs as a "ready project";
- ▶ credit funds for project financing are allocated for a period of 10 years with a 5-year grace period in the amount not exceeding the main rate of the Central Bank.

For the purpose of further attraction of investments and development of entrepreneurship, the following benefits are provided to business entities:

- ▶ projects of subjects of entrepreneurship by the State Fund for Support of Entrepreneurial Activity shall be exceptionally provided with a guarantee of up to 75% of the loan amount, but not more than 5 billion soums, provided that the guarantee agreement will not be unilaterally terminated;
- ▶ the procedure for privatization of land plots, buildings and structures to entrepreneurs who have fulfilled investment obligations in small and youth industrial and entrepreneurial zones is established;
- ▶ in the event that state property objects at public auction in the territory are not realized within a three-month period, are granted to the applicant who made the best offer on the basis of an electronic tender, with the obligation to invest;
- ▶ The system of granting in 2023-2024 in the Republic of Karakalpakstan of land plots with the right of direct long-term lease to project initiators with the obligation of investment in the city of Nukus in the amount of 1 million US dollars, in other districts - 300 thousand US dollars each is being implemented.

Small businesses of all regions in the sphere of trade, catering, as well as gas stations and electric charging points will be compensated for the loans allocated for the purchase and installation of solar panels in the amount and on the terms established by the State Fund for Support of Entrepreneurial Activity.

Within the framework of family entrepreneurship development programs, credit funds worth at least 2 trillion soums will be allocated from 2024.

Furthermore, according to the Decree No. UP-129, credit funds will be allocated for youth training in foreign countries in the amount not exceeding the main rate of the Central Bank for a period of 10 years with a 4-year grace period.

It is planned to create a "Youth Socio-Economic Center" (the "Youth Center") with an area of 100 hectares in Khojaili district, which will include an IT-park, project offices, startup technopark, "innovation groups" to support startup projects, cultural and spiritual centers, libraries and sports complexes. And multi-storey and individual residential buildings will be built for entrepreneurs and young people working in the Youth Center.

Subject to employment of unemployed youth, business entities located on the territory of the Youth Center are subject to tax and customs privileges established by the legislation for participants of special economic zones.

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