

OFFICIAL
DOCUMENTS

LOAN NUMBER 8465-UZ

Loan Agreement

(Pap-Angren Railway Project)

between

REPUBLIC OF UZBEKISTAN

and

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

Dated *March 4*, 2015

LOAN NUMBER 8465-UZ

LOAN AGREEMENT

Agreement dated **March 4**, 2015, between the REPUBLIC OF UZBEKISTAN (“Borrower”) and the 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) constitute an integral 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, on the terms and conditions set forth or referred to in this Agreement, the amount of one hundred ninety-five million Dollars (\$195,000,000), as such amount may be converted from time to time through a Currency Conversion in accordance with the provisions of Section 2.08 of this Agreement (“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 IV of Schedule 2 to this Agreement.
- 2.03. The Front-end Fee payable by the Borrower shall be equal to one quarter of one percent (0.25%) of the Loan amount. The Borrower shall pay the Front-end Fee not later than sixty days after the Effective Date.
- 2.04. The Commitment Charge payable by the Borrower shall be equal to one quarter of one percent (0.25%) per annum on the Unwithdrawn Loan Balance.
- 2.05. The interest payable by the Borrower for each Interest Period shall be at a rate equal to the Reference Rate for the Loan Currency plus the Variable Spread; provided, that upon a Conversion of all or any portion of the principal amount of the Loan, the interest payable by the Borrower during the Conversion Period on such amount shall be determined in accordance with the relevant provisions of Article IV of the General Conditions. Notwithstanding the foregoing, if any amount of the Withdrawn Loan Balance remains unpaid when due and such non-payment continues for a period of thirty days, then the interest payable by the

Borrower shall instead be calculated as provided in Section 3.02 (e) of the General Conditions.

- 2.06. The Payment Dates are February 15 and August 15 in each year.
- 2.07. The principal amount of the Loan shall be repaid in accordance with the amortization schedule set forth in Schedule 3 to this Agreement.
- 2.08. (a) The Borrower may at any time request any of the following Conversions of the terms of the Loan in order to facilitate prudent debt management:
- (i) a change of the Loan Currency of all or any portion of the principal amount of the Loan, withdrawn or unwithdrawn, to an Approved Currency;
 - (ii) a change of the interest rate basis applicable to: (A) all or any portion of the principal amount of the Loan withdrawn and outstanding from a Variable Rate to a Fixed Rate, or vice versa; or (B) all or any portion of the principal amount of the Loan withdrawn and outstanding from a Variable Rate based on a Reference Rate and the Variable Spread to a Variable Rate based on a Fixed Reference Rate and the Variable Spread, or vice versa; or (C) all of the principal amount of the Loan withdrawn and outstanding from a Variable Rate based on a Variable Spread to a Variable Rate based on a Fixed Spread; and
 - (iii) the setting of limits on the Variable Rate or the Reference Rate applicable to all or any portion of the principal amount of the Loan withdrawn and outstanding by the establishment of an Interest Rate Cap or Interest Rate Collar on the Variable Rate or the Reference Rate.
- (b) Any conversion requested pursuant to paragraph (a) of this Section that is accepted by the Bank shall be considered a "Conversion", as defined in the General Conditions, and shall be effected in accordance with the provisions of Article IV of the General Conditions and of the Conversion Guidelines.

ARTICLE III — PROJECT

- 3.01. The Borrower declares its commitment to the objective of the Project. To this end, the Borrower shall cause Parts I, II, IV, V, and VI of the Project to be carried out by UTY, and Part III of the Project by UE, all as set forth in Schedule I of this Agreement and in accordance with the provisions of Article V of the General Conditions and the respective Project Agreements.

- 3.02. Without limitation upon the provisions of Section 3.01 of this Agreement, and except as the Borrower and the Bank shall otherwise agree, the Borrower shall ensure that the Project is carried out in accordance with the provisions of Schedule 2 to this Agreement.

ARTICLE IV — REMEDIES OF THE BANK

- 4.01. The Additional Events of Suspension consist of the following:
- (a) The Legislation of UTY has been amended, suspended, abrogated, repealed or waived so as to affect materially and adversely, in the opinion of the Bank, its ability to perform any of its obligations under the UTY Project Agreement.
 - (b) The Legislation of UE has been amended, suspended, abrogated, repealed or waived so as to affect materially and adversely, in the opinion of the Bank, its ability to perform any of its obligations under the UE Project Agreement.
- 4.02. The Additional Event of Acceleration consist of the following, namely that any event specified in Section 4.01 of Article IV of this Agreement occurs and is continuing for a period of sixty (60) days after notice of the event has been given by the Bank to the Borrower.

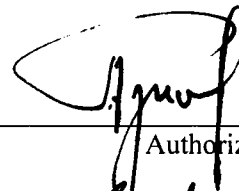
ARTICLE V — EFFECTIVENESS; TERMINATION

- 5.01. The Additional Conditions of Effectiveness consist of the following:
- (a) the RASAP has been implemented in accordance with its terms and in a manner acceptable to the Bank;
 - (b) the UTY Subsidiary Agreement has been executed on behalf of the Borrower and UTY on terms and conditions acceptable to the Bank;
 - (c) UTY has upgraded its financial management reporting software for the Project in a manner acceptable to the Bank; and
 - (d) UTY has issued a circular noting the specific financial management and disbursement requirements of the World Bank to be followed by its PIU for the Project.
- 5.02. The Additional Legal Matters consist of the following: namely, that the UTY Subsidiary Agreement referred to in Section 5.01(b) has been duly authorized or ratified by the Borrower and UTY and is legally binding upon the Borrower and UTY in accordance with its terms.

AGREED at Tashkent, Republic of Uzbekistan, as of the day and year first above written.

REPUBLIC OF UZBEKISTAN

By



Authorized Representative

Name: Rustam Azimov

Title: Minister of Finance

INTERNATIONAL BANK FOR RECONSTRUCTION AND
DEVELOPMENT

By



Authorized Representative

Name: Saraj Kumar Jha

Title: Country Director

SCHEDULE 1

Project Description

The objective of the Project is to reduce transport costs and to increase transport capacity and reliability through the construction of a rail link between the Uzbek part of the Ferghana Valley and the rest of the Borrower's territory.

The Project consists of the following parts:

Part I: Rail Main Infrastructure

Construction of a new railway line infrastructure, including embankments, ballast, rail, bridges, and a tunnel.

Part II: Rail Electrification, Signaling, Track Maintenance and Railway Video Surveillance System

Provision of works, goods, and technical assistance for: (i) the installation of a microprocessor based train control system; (ii) the construction of two traction substations and the installation and implementation of SCADA; (iii) the provision of necessary track maintenance equipment; and (iv) the installation of a video surveillance and broadcasting system.

Part III: Power Distribution Line

Provision of works, goods, and technical assistance for: (i) the dismantling of overhead power lines, including the removal of the Angren-Obihayot power line; (ii) the provision of equipment (including, *inter alia*, communication equipment, protection relays, metering and controlling instruments) for the installation of new power lines; and (iii) the reconstruction of the Obihayot power substation and the construction of new power distribution lines.

Part IV: Technical Assistance to UTY for Supporting Railway Construction

Provision of technical assistance to UTY to strengthen: (i) UTY's financial management and asset management capacity; (ii) modernized marketing arrangements; and (iii) capacity development.

Part V: Technical Assistance to UTY for Improving Railway Logistics

Provision of technical assistance to UTY to improve the railway logistics in the Angren region and the part of the Ferghana Valley located in the Borrower's territory, including on traffic forecast and supply chain analysis.

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Part VI: Implementation Support

Provision of goods and technical assistance to UTY to support Project implementation, including in the areas of financial management, procurement, disbursement, and monitoring and evaluation.

SCHEDULE 2

Project Execution

Section I. Implementation Arrangements

A. Institutional Arrangements

The Borrower shall cause UE and UTY to maintain their respective PIUs at all times during Project implementation, with terms of reference, adequate funds, facilities, services and resources satisfactory to the Bank, and with competent staff in adequate numbers and with qualifications acceptable to the Bank.

B. Subsidiary Agreements

1. To facilitate the carrying out of Parts II, IV, V, and VI of the Project, the Borrower shall on-lend to UTY the proceeds of the Loan allocated to Category (1), through the UTY Subsidiary Agreement under terms and conditions approved by the Bank, which shall include the responsibility of UTY to carry out its Respective Parts of the Project in accordance with, *inter alia*: (i) the provisions set forth in this Agreement (including compliance with the pertinent provisions set forth in the Safeguards, Procurement and Financial Management sections and the provisions of Article V of the General Conditions); (ii) the UTY Project Agreement; and (iii) the Anti-Corruption Guidelines.
2. The Borrower shall exercise its rights and carry out its obligations under the UTY Subsidiary Agreement in such a manner as to protect the interests of the Borrower and the Bank and to accomplish the purposes of the Loan. Except as the Bank shall otherwise agree, the Borrower shall not assign, amend, abrogate, waive, terminate or fail to enforce the UTY Subsidiary Agreement or any of its provisions.
3. To facilitate the carrying out of Part III of the Project, the Borrower shall on-lend to UE the proceeds of the Loan, allocated to Category (2), through the UE Subsidiary Agreement under terms and conditions approved by the Bank, which shall include the responsibility of the UE to carry out its Respective Parts of the Project in accordance with, *inter alia*: (i) the provisions set forth in this Agreement (including compliance with the pertinent provisions set forth in the Safeguards, Procurement and Financial Management sections and the provisions of Article V of the General Conditions); (ii) the UE Project Agreement; and (iii) the Anti-Corruption Guidelines.
4. The Borrower shall exercise its rights and carry out its obligations under the UE Subsidiary Agreement in such a manner as to protect the interests of the Borrower and the Bank and to accomplish the purposes of the Loan. Except as the Bank

shall otherwise agree, the Borrower shall not assign, amend, abrogate, waive, terminate or fail to enforce the UE Subsidiary Agreement or any of its provisions.

C. Anti-Corruption

The Borrower shall ensure that the Project is carried out in accordance with the provisions of the Anti-Corruption Guidelines.

D. Safeguards

1. The Borrower shall carry out the Project, and shall cause both UTY and UE to carry out their Respective Parts of the Project, in accordance with the requirements, criteria, organizational arrangements and operational procedures set forth in the RAP, RPF, the site specific RAP(s), RASAP, EMF, EIA(s), EMPs, and the Action Plan for Physical and Cultural Resources.
2. For the purposes of carrying out the Project, the Borrower shall, and shall cause UTY and UE to:
 - (a) when applicable: (i) prepare and disclose, prior to the commencement of any works under the Project, the site-specific EIAs and EMPs, each and all acceptable to the Bank, in accordance with the EMF, the EIA dated September 15, 2014, and the Action Plan for Physical and Cultural Resources; and (ii) immediately thereafter, carry out the works in accordance with the provisions of said site-specific EIAs and EMPs and the Action Plan for Physical and Cultural Resources, all in a manner acceptable to the Bank.
 - (b) when applicable: (i) prepare and disclose, prior to the commencement of any works under the Project, site-specific RAPs, each and all acceptable to the Bank, in accordance with the RPF; and (ii) immediately thereafter, carry out the works in accordance with the provisions of said site-specific RAPs and in a manner acceptable to the Bank, including full payment of compensation and the provision of relocation assistance to Displaced Persons prior to their displacement.
3. The Borrower shall, and shall cause both UTY and UE to, maintain a socially inclusive grievance redress mechanism in such a manner as to enable the implementation of the Project in accordance with the RAP, RPF, the site specific RAP(s), RASAP, EMF, EIA(s), EMPs, and the Action Plan for Physical and Cultural Resources.
4. The Borrower shall not, and shall cause both UTY and UE not to, amend, suspend or abrogate any of the provisions of the RAP, RPF, the site specific RAP(s),

RASAP, EMF, EIA(s), EMPs, and the Action Plan for Physical and Cultural Resources without prior approval of the Bank.

5. The Borrower shall cause both UTY and UE to ensure that each contract procured under their Respective Parts of the Project includes the obligation of the relevant contractor to comply with the relevant RAP, RPF, the site specific RAP, RASAP, EMF, EIA, EMP, and the Action Plan for Physical and Cultural Resources, as applicable to the respective activities commissioned or awarded pursuant to said contract.

Section II. Project Monitoring Reporting and Evaluation

A. Project Reports

The Borrower shall cause the Project Implementing Entities to monitor and evaluate the progress of their Respective Parts of the Project and shall cause UTY to prepare consolidated Project Reports in accordance with the provisions of Section 5.08 of the General Conditions and on the basis of the indicators acceptable to the Bank. Each Project Report shall cover the period of one calendar quarter, and shall be furnished to the Bank not later than forty-five (45) days after the end of the period covered by such report.

B. Financial Management, Financial Reports and Audits

1. The Borrower shall cause UTY and UE to maintain financial management systems in accordance with the provisions of Section 5.09 of the General Conditions.
2. Without limitation on the provisions of Part A of this Section, the Borrower shall cause UE to prepare and furnish to UTY not later than thirty (30) days after the end of each calendar semester, interim unaudited financial reports for its Respective Part of the Project covering the semester, in form and substance satisfactory to the Bank.
3. Without limitation on the provisions of Part A of this Section, the Borrower shall cause UTY to prepare and furnish to the Bank not later than forty-five (45) days after the end of each calendar semester, consolidated interim unaudited financial reports for the Project covering the semester, in form and substance satisfactory to the Bank.
4. The Borrower shall cause UTY to have the Financial Statements audited in accordance with the provisions of Section 5.09(b) of the General Conditions. Each audit of the Financial Statements shall cover the period of one fiscal year of the Borrower. The audited Financial Statements for each such period shall be furnished to the Bank not later than six (6) months after the end of such period.

Section III. Procurement

A. General

1. **Goods, Works and Non-consulting Services.** All goods, works and non-consulting services required for the Project and to be financed out of the proceeds of the Loan shall be procured in accordance with the requirements set forth or referred to in Section I of the Procurement Guidelines, and with the provisions of this Section.
2. **Consultants' Services.** All consultants' services required for the Project and to be financed out of the proceeds of the Loan shall be procured in accordance with the requirements set forth or referred to in Sections I and IV of the Consultant Guidelines and with the provisions of this Section.
3. **Definitions.** The capitalized terms used below in this Section to describe particular procurement methods or methods of review by the Bank of particular contracts refer to the corresponding method described in Sections II and III of the Procurement Guidelines, or Sections II, III, IV and V of the Consultant Guidelines, as the case may be.

B. Particular Methods of Procurement of Goods, Works and Non-consulting Services

1. **International Competitive Bidding.** Except as otherwise provided in paragraph 2 below, goods, works and non-consulting services shall be procured under contracts awarded on the basis of International Competitive Bidding procedures.
2. **Other Methods of Procurement of Goods, Works and Non-consulting Services.** The following methods, other than International Competitive Bidding may be used for procurement of goods, works and non-consulting services for those contracts specified in the Procurement Plan:

Procurement Method	
(a)	National Competitive Bidding, subject to the additional provisions set forth in the Annex to this Schedule 2
(b)	Shopping
(c)	Direct Contracting

C. Particular Methods of Procurement of Consultants' Services

1. **Quality- and Cost-based Selection.** Except as otherwise provided in paragraph 2 below, consultants' services shall be procured under contracts awarded on the basis of Quality and Cost-based Selection.

2. **Other Methods of Procurement of Consultants' Services.** The following methods, other than Quality and Cost-based Selection, may be used for procurement of consultants' services for those contracts which are specified in the Procurement Plan:

(a) Quality-based Selection; (b) Selection under a Fixed Budget; (c) Least Cost Selection; (d) Selection based on Consultants' Qualifications; (e) Single-source Selection of consulting firms; (f) Well-established Private Sector Procurement Methods or Commercial Practices which have been found acceptable to the Bank; (g) Procedures set forth in paragraphs 5.2 and 5.3 of the Consultant Guidelines for the Selection of Individual Consultants; and (h) Single-source procedures for the Selection of Individual Consultants.

D. Review by the Bank of Procurement Decisions

The Procurement Plan shall set forth those contracts which shall be subject to the Bank's Prior Review. All other contracts shall be subject to Post Review by the Bank.

Section IV. Withdrawal of Loan Proceeds

A. General

1. The Borrower may withdraw the proceeds of the Loan in accordance with the provisions of Article II of the General Conditions, this Section, and such additional instructions as the Bank shall specify by notice to the Borrower (including the "World Bank Disbursement Guidelines for Projects" dated May 2006, as revised from time to time by the Bank and as made applicable to this Agreement pursuant to such instructions), to finance Eligible Expenditures as set forth in the table in paragraph 2 below.
2. The following table specifies the categories of Eligible Expenditures that may be financed out of the proceeds of the Loan ("Category"), the allocation of the amounts of the Loan to each Category, and the percentage of expenditures to be financed for Eligible Expenditures in each Category.

Category	Amount of the Loan Allocated (expressed in USD)	Percentage of Expenditures to be financed (exclusive of Taxes, except Withheld Taxes)
(1) Goods, works, non-consulting services and consultants' services for Parts II, IV, V, and VI of the Project	160,000,000	100%
(2) Goods, works, non-consulting services, and consultants' services for Part III of the Project	35,000,000	100%
TOTAL AMOUNT	<u>195,000,000</u>	

B. Withdrawal Conditions; Withdrawal Period

1. Notwithstanding the provisions of Part A of this Section, no withdrawal shall be made:

- (a) from the Loan Account until the Bank has received payment in full of the Front-end Fee;
- (b) for payments made prior to the date of this Agreement, except that withdrawals up to an aggregate amount not to exceed twenty million Dollars (\$20,000,000) may be made for payments made prior to this date but on or after January 1, 2015, for Eligible Expenditures under Categories (1) and (2);
- (c) Under Category (2) unless:
 - (i) the UE Project Agreement between the Bank and UE has been executed, on terms and conditions satisfactory to the Bank;
 - (ii) the UE Subsidiary Agreement has been executed on behalf of the Borrower and UE, on terms and conditions satisfactory to the Bank;
 - (iii) opinions have been furnished to the Bank on behalf of: (A) the Borrower, stating that the UE Subsidiary Agreement has been duly authorized or ratified by the parties thereto and is legally

binding upon them in accordance with its terms; and (B) UE, stating that the UE Project Agreement and the UE Subsidiary Agreement have been duly authorized or ratified by the parties thereto and are legally binding upon them in accordance with their respective terms.

2. The Closing Date is March 31, 2019.

Section V. Other Undertakings

1. Except as the Bank shall otherwise agree, the Borrower shall ensure that the UTY maintain a ratio of current assets to current liabilities of not less than 1.5.
2. Before April 1 in each of its fiscal years, the Borrower shall, on the basis of forecasts prepared by the Borrower and satisfactory to the Bank, review whether it would meet the requirements set forth in paragraph (1) above in respect of such year and the next following fiscal year and shall furnish to the Bank the results of such review upon its completion.
3. If any such review shows that UTY would not meet the requirements set forth in paragraph (1) above for the Borrower's fiscal years covered by such review, the Borrower shall promptly take all necessary measures (including, without limitation, adjustments of the structure or levels of its rates) in order to meet such requirements.
4. For the purposes of this Section:
 - (a) The term "current assets" means cash, all assets which could in the ordinary course of business be converted into cash within twelve months, including accounts receivable, marketable securities, inventories and pre-paid expenses properly chargeable to operating expenses within the next fiscal year.
 - (b) The term "current liabilities" means all liabilities which will become due and payable or could under circumstances then existing be called for payment within twelve months, including accounts payable, customer advances, debt service requirements, taxes and payments in lieu of taxes, and dividends.
 - (c) The term "debt service requirements" means the aggregate amount of repayments (including sinking fund payments, if any) of, and interest and other charges on, debt.
 - (d) Whenever for the purposes of this Section it shall be necessary to value, in terms of the currency of the Borrower, debt payable in another currency,

such valuation shall be made on the basis of the prevailing lawful rate of exchange at which such other currency is, at the time of such valuation, obtainable for the purposes of servicing such debt, or, in the absence of such rate, on the basis of a rate of exchange acceptable to the Bank.

ANNEX TO SCHEDULE 2

National Competitive Bidding

The National Competitive bidding procedures of the Borrower may be used for procurement under the Project provided that the following provisions are complied with:

1. General

The Recipient represents that the procedures to be followed for National Competitive Bidding under Section III, Part B, paragraph 2 of Schedule 2 to the Loan Agreement shall be those set forth in Resolution of the Borrower's Cabinet of Ministers, No. 455, dated November 21, 2000, with the clarifications set forth in the following paragraphs required for compliance with the provisions of the Procurement Guidelines.

2. (a) Bidding shall not be restricted to pre-registered firms.
- (b) Where registration is required, bidders: (i) shall be allowed a reasonable time to complete the registration process; and (ii) shall not be denied registration for reasons unrelated to their capability and resources to successfully perform the contract, which shall be verified through post-qualification.
- (c) Foreign bidders shall not be precluded from bidding. If a registration process is required, a foreign bidder declared the lowest evaluated bidder shall be given a reasonable opportunity to register.
3. Invitations to bid shall be advertised in at least one widely circulated national daily newspaper allowing a minimum of thirty (30) days for the preparation and submission of bids.
4. When pre-qualification shall be required for large or complex works, invitations to pre-qualify for bidding shall be advertised in at least one widely circulated national daily newspaper a minimum of thirty (30) days prior to the deadline for the submission of pre-qualification applications. Minimum experience, technical and financial requirements shall be explicitly stated in the pre-qualification documents.
5. Government-owned enterprises in the Republic of Uzbekistan shall be eligible to participate in bidding only if they can establish that they are legally and financially autonomous, operate under commercial law and are not a dependent agency of the contracting authority. Furthermore, they will be subject to the same bid performance security requirements as other bidders.

6. Purchasers shall use the appropriate standard bidding documents for the procurement of goods, works or non-consulting services, acceptable to the Bank.
7.
 - (a) Bids shall be opened in public, immediately after the deadline for submission of bids.
 - (b) Evaluation of bids shall be made in strict adherence to the monetarily quantifiable criteria declared in the bidding documents.
 - (c) Contracts shall be awarded to the qualified bidder having submitted the lowest evaluated substantially responsive bid and no negotiation shall take place.
 - (d) Price verification should not be applied to Bank-financed contracts.
8. Civil works contracts of long duration (e.g. more than eighteen (18) months) shall contain an appropriate price adjustment clause, acceptable to the Bank.
9.
 - (a) All bids shall not be rejected and new bids solicited without the Bank's prior concurrence.
 - (b) When the number of bids received is less than three (3), re-bidding shall not be carried out without the Bank's prior concurrence.

SCHEDULE 3

Amortization Schedule

1. 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”). If the proceeds of the Loan have been fully withdrawn as of the first Principal Payment Date, the principal amount of the Loan repayable by the Borrower on each Principal Payment Date shall be determined by the Bank by multiplying: (a) Withdrawn Loan Balance as of the first Principal Payment Date; by (b) the Installment Share for each Principal Payment Date, such repayable amount to be adjusted, as necessary, to deduct any amounts referred to in paragraph 4 of this Schedule, to which a Currency Conversion applies.

Principal Payment Date	Installment Share (Expressed as a Percentage)
On each February 15 and August 15 Beginning February 15, 2020 through August 15, 2039	 2.5%

2. If the proceeds of the Loan have not been fully withdrawn as of the first Principal Payment Date, the principal amount of the Loan repayable by the Borrower on each Principal Payment Date shall be determined as follows:
- (a) To the extent that any proceeds of the Loan have been withdrawn as of the first Principal Payment Date, the Borrower shall repay the Withdrawn Loan Balance as of such date in accordance with paragraph 1 of this Schedule.
 - (b) Any amount withdrawn after the first Principal Payment Date shall be repaid on each Principal Payment Date falling after the date of such withdrawal in amounts determined by the Bank by multiplying the amount of each such withdrawal by a fraction, the numerator of which is the original Installment Share specified in the table in paragraph 1 of this Schedule for said Principal Payment Date (“Original Installment Share”) and the denominator of which is the sum of all remaining Original Installment Shares for Principal Payment Dates falling on or after such date, such amounts repayable to be adjusted, as necessary, to deduct any amounts referred to in paragraph 4 of this Schedule, to which a Currency Conversion applies.
3. (a) Amounts of the Loan withdrawn within two calendar months prior to any Principal Payment Date shall, for the purposes solely of calculating the

principal amounts payable on any Principal Payment Date, be treated as withdrawn and outstanding on the second Principal Payment Date following the date of withdrawal and shall be repayable on each Principal Payment Date commencing with the second Principal Payment Date following the date of withdrawal.

- (b) Notwithstanding the provisions of sub-paragraph (a) of this paragraph, if at any time the Bank adopts a due date billing system under which invoices are issued on or after the respective Principal Payment Date, the provisions of such sub-paragraph shall no longer apply to any withdrawals made after the adoption of such billing system.
4. Notwithstanding the provisions of paragraphs 1 and 2 of this Schedule, upon a Currency Conversion of all or any portion of the Withdrawn Loan Balance to an Approved Currency, the amount so converted in the Approved Currency that is repayable on any Principal Payment Date occurring during the Conversion Period, shall be determined by the Bank by multiplying such amount in its currency of denomination immediately prior to the Conversion by either: (i) the exchange rate that reflects the amounts of principal in the Approved Currency payable by the Bank under the Currency Hedge Transaction relating to the Conversion; or (ii) if the Bank so determines in accordance with the Conversion Guidelines, the exchange rate component of the Screen Rate.
 5. If the Withdrawn Loan Balance is denominated in more than one Loan Currency, the provisions of this Schedule shall apply separately to the amount denominated in each Loan Currency, so as to produce a separate amortization schedule for each such amount.

APPENDIX

Section I. Definitions

1. “Action Plan for Physical and Cultural Resources” means a plan dated September 15, 2014 satisfactory to the Bank, setting forth, *inter alia*, mitigation, monitoring and institutional protection measures for historic and cultural sites, including the area of Chilhujra.
2. “Anti-Corruption Guidelines” means 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.
3. “Category” means a category set forth in the table in Section IV of Schedule 2 to this Agreement.
4. “Co-financier” means the Export-Import Bank of China.
5. “Co-financing” means, for purposes of paragraph 16 of the Appendix to the General Conditions, an amount of \$350,000,000 to be provided by the Co-financier to assist in financing Part I of the Project pursuant to existing Co-Financing Agreement.
6. “Co-financing Agreement” means the agreement entered into between the Borrower and the Co-financier, dated February 25, 2014, providing for the Co-financing.
7. “Consultant Guidelines” means the “Guidelines: Selection and Employment of Consultants under IBRD Loans and IDA Credits and Grants by World Bank Borrowers” dated January 2011 (revised July 2014).
8. “Displaced Person” means a person who, on account of the execution of the Project, has experienced or would experience direct economic and social impacts caused by: (i) the involuntary taking of land, resulting in: (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 such person must move to another location; or (ii) the involuntary restriction to access to legally designated parks and protected areas, resulting in adverse impacts on the livelihood of such person, and “Displaced Persons” means, collectively, the plural thereof.
9. “Environmental Impact Assessment” or “EIA” means the environmental impact assessment disclosed by the Borrower on September 15, 2014 or any other site-specific EIAs consisting of, *inter alia*: (i) a detailed description of the identified sites where Project activities are to be carried out; (ii) the potential adverse environmental impacts of said activities; (iii) an analysis of the applicable

legislation of the Borrower in mitigating said adverse environmental impacts; and (iv) an action plan for radioactive waste management, if applicable; and (v) an evaluation of alternatives and design of appropriate mitigation, management, and monitoring measures.

10. “Environmental Management Framework” or “EMF” means the Borrower’s Environmental Management Framework, dated November 7, 2014, satisfactory to the Bank, consisting of, *inter alia*, the environmental action plan outlining the remedial measures derived from the environmental audit of the impacts resulting from the implementation of Part I of the Project, and describing, *inter alia*: (a) the environmental mitigation, monitoring and institutional measures under the Project, and outlining the procedures for screening the Project activities based on their expected impacts on the natural and social environment; (b) evaluating their risks; (c) defining a need for environmental assessment as part of procedure for preparing EIA(s); (d) disclosure; (e) management, related to implementation of the Project.
11. “Environmental Management Plan” or “EMP” means the Borrower’s site-specific environmental management plan, acceptable to the Bank to be prepared during the Project implementation in accordance with the EMF and the EIA, and approved by the Bank, describing environmental mitigation, monitoring and institutional measures for any of the activities financed under the Project; “EMPs” means the plural thereof.
12. “General Conditions” means the “International Bank for Reconstruction and Development General Conditions for Loans”, dated March 12, 2012, with the modifications set forth in Section II of this Appendix.
13. “Legislation of UE” means the Borrower’s Presidential Decree, No. YП-2812, dated February 22, 2001, and the Resolution of the Borrower’s Cabinet of Ministers, No. 93, dated February 24, 2001, and associated documentation establishing, governing, or otherwise regulating UE and its activities.
14. “Legislation of UTY” means the Decree of the President of the Republic of Uzbekistan No. 982, dated November 7, 1994, UTY’s charter dated August 22, 2005 and any other legal and regulatory documentation of the Borrower establishing, governing or otherwise regulating UTY and its activities.
15. “Project Implementing Entity” means UTY or UE, as hereby defined in Section I of this Appendix.
16. “Project Implementing Unit” or “PIU” means a project implementing unit of either UTY or UE; “PIUs” means the project implementing units of both UTY and UE.

17. “Procurement Guidelines” means the “Guidelines: Procurement of Goods, Works and Non-consulting Services under IBRD Loans and IDA Credits and Grants by World Bank Borrowers” dated January 2011 (revised July 2014).
18. “Procurement Plan” means the Borrower’s procurement plan for the Project, dated December 16, 2014 and referred to in paragraph 1.18 of the Procurement Guidelines and paragraph 1.25 of the Consultant Guidelines, as the same shall be updated from time to time in accordance with the provisions of said paragraphs.
19. “Resettlement Action Plan” or “RAP” means the resettlement action plan for the Pap and Akhangaran provinces of the Borrower under Parts I, II and III of the Project, prepared by the Borrower and disclosed on December 13, 2014, and containing, *inter alia*, a program of actions, measures and policies for compensation of Displaced Persons, including budget and cost estimates, and sources of funding, together with adequate institutional, monitoring and reporting arrangements capable of ensuring proper implementation of, and regular feedback on compliance with its terms for each site.
20. “Resettlement Audit/Social Action Plan” or “RASAP” means the resettlement audit/social action plan for the Pap and Akhangaran provinces of the Borrower, prepared by the Borrower and disclosed on January 12, 2015, and containing, *inter alia*, a program of remedial actions, measures and policies for ensuring adequate compensation and treatment of Displaced Persons who have been resettled between June 18, 2013 and December 3, 2014, including, *inter alia*, adequate institutional, monitoring and reporting arrangements capable of ensuring proper implementation of, and regular feedback on compliance with its terms.
21. “Resettlement Policy Framework” or “RPF” means the Resettlement Policy Framework dated November 28, 2014, prepared and adopted by UTY and UE, in form and substance acceptable to the Bank; said framework setting out the policies and procedures for the acquisition of land and other assets, compensation, resettlement and rehabilitation of Displaced Persons, as the case may be, and for the preparation of Site-specific RAPs as may be required for Project activities, as said framework may be revised from time to time with the prior written concurrence of the Bank; and such term includes all schedules and agreements supplemental to said framework.
22. “SCADA” means a Supervisory Control and Data Acquisition system to monitor and optimize energy use on a real-time basis.
23. “UE” means UzbekEnergo, a state-owned Project Implementing Entity established by the Legislation of UE and responsible for implementation of Part III of the Project.

24. “UE Project Agreement” means the agreement between the Bank and UE for the Project.
25. “UE Subsidiary Agreement” means the agreement referenced in Section I, Part B, paragraph 3 of Schedule 2 to this Agreement between the Borrower and UE.
26. “UTY” means an Uzbekistan Temir Yullari (Uzbekistan Railways), a state-owned Project Implementing Entity established by the Legislation of UTY and responsible for the implementation of Parts I, II, IV, V, and VI of the Project.
27. “UTY Project Agreement” means the agreement between the Bank and UTY for the Project.
28. “UTY Subsidiary Agreement” means the agreement referenced in Section I, Part B, paragraph 1 of Schedule 2 to this Agreement between the Borrower and UTY.
29. “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.

Section II. Modifications to the General Conditions

The General Conditions are hereby modified as follows:

1. In the **Table of Contents**, the references to Sections, Section names and Section numbers are modified to reflect the modifications set forth in the paragraphs below.
2. Section 3.01. (*Front-end Fee*) is modified to read as follows:

“Section 3.01. *Front-end Fee; Commitment Charge*

- (a) The Borrower shall pay the Bank a front-end fee on the Loan amount at the rate specified in the Loan Agreement (the “Front-end Fee”).
- (b) The Borrower shall pay the Bank a commitment charge on the Unwithdrawn Loan Balance at the rate specified in the Loan Agreement (the “Commitment Charge”). The Commitment Charge shall accrue from a date sixty days after the date of the Loan Agreement to the respective dates on which amounts are withdrawn by the Borrower from the Loan Account or cancelled. The Commitment Charge shall be payable semi-annually in arrears on each Payment Date.”

3. In the Appendix, **Definitions**, all relevant references to Section numbers and paragraphs are modified, as necessary, to reflect the modification set forth in paragraph 2 above.
4. The Appendix is modified by inserting a new paragraph 19 with the following definition of “Commitment Charge”, and renumbering the subsequent paragraphs accordingly:
 - “19. “Commitment Charge” means the commitment charge specified in the Loan Agreement for the purpose of Section 3.01(b).”
5. Renumbered paragraph 77 (originally paragraph 76) of the Appendix, the definition of the term “Project Agreement” is modified to read as follows:
 - “77. “Project Agreement” means an agreement between the Bank and UTY or UE relating to the implementation of the Project, as such agreements may be amended from time to time. “Project Agreement” includes these General Conditions as applied to the Project Agreement, and all appendices, schedules and agreements supplemental to the Project Agreement.”