

---

---

GRANT NUMBER E1010 -TJ

# **Financing Agreement**

**(Additional Financing for Power Utility Financial Recovery Program)**

**between**

**REPUBLIC OF TAJIKISTAN**

**and**

**INTERNATIONAL DEVELOPMENT ASSOCIATION**

---

---

**GRANT NUMBER E1010 -TJ**

**FINANCING AGREEMENT**

AGREEMENT dated as of the Signature Date between REPUBLIC OF TAJIKISTAN ("Recipient") and INTERNATIONAL DEVELOPMENT ASSOCIATION ("Association"). The Recipient and the Association 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 a grant, which is deemed as Concessional Financing for purposes of the General Conditions, in an amount equivalent to fifty-nine million three hundred thousand Special Drawing Rights (SDR) (59,300,000) ("Financing"), to assist in financing the program described in Schedule 1 to this Agreement ("Program").
- 2.02. The Recipient may withdraw the proceeds of the Financing in accordance with Section IV of Schedule 2 to this Agreement. All withdrawals from the Financing Account shall be deposited by the Association into an account specified by the Recipient and acceptable to the Association.
- 2.03. The Maximum Commitment Charge Rate is one-half of one percent (1/2 of 1%) per annum on the Unwithdrawn Financing Balance.
- 2.04. The Payment Dates are April 15 and October 15 in each year.
- 2.05. The Payment Currency is Dollar.

### **ARTICLE III — PROGRAM**

- 3.01. The Recipient declares its commitment to the objectives of the Program. To this end, the Recipient shall carry out the Program through MEWR and MOF, and cause parts of the Program to be carried out by BT with technical support from SIB and STB 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 consists of the following:
- (a) the Subsidiary Agreement has been revised and executed on behalf of the Recipient and BT in a manner acceptable to the Association; and
  - (b) SIB and STB have each entered into an Implementation Agreement with the Recipient, through MoF and MEWR, and BT satisfactory to the Association,
- 4.02. The Effectiveness Deadline is one-hundred and eight days (180) days after the Signature Date.
- 4.03. For purposes of Section 10.05 (b) of the General Conditions, the date on which the obligations of the Recipient 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 Recipient's Representative is its Minister of Finance.
- 5.02. For purposes of Section 11.01 of the General Conditions:
- (a) the Recipient's address is:  
  
Ministry of Finance  
3, Akademikov Rajabovich Avenue  
Dushanbe, 734025  
Republic of Tajikistan
  - (b) the Recipient's Electronic Address is:

Facsimile:  
(992-372) 213329

5.03. 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:	Facsimile:
248423 (MCI)	1-202-477-6391

AGREED as of the Signature Date.

REPUBLIC OF TAJIKISTAN

By



Authorized Representative

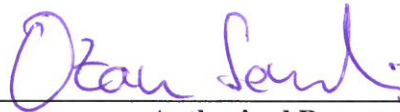
Name: Faiziddin Bahhorzoda

Title: Minister of Finance

Date: September 22, 2022

INTERNATIONAL DEVELOPMENT ASSOCIATION

By



Authorized Representative

Name: Ozan Sevimli

Title: Country Manager

Date: September 22, 2022

## **SCHEDULE 1**

### **Program Description**

The objectives of the Program are to improve the financial viability, increase the reliability of electricity supply, and strengthen the governance of Barqi Tojik, Shabakahoi Intiqoli Barq, and Shabakahoi Taqsimoti Barq.

The Program, which is a part of the Recipient's program of reforms in the power sector, consists of the following activities:

#### **Results Area 1: Achievement of Financial Viability of the Electricity Sector**

1. Achievement of cost-recovery end user tariffs.
2. Revision of subsidiary agreements between MOF and BT.
3. Improved prioritization, predictability, and transparency of collection and distribution of revenues in the electricity sector.

#### **Results Area 2: Ensuring Electricity Supply Reliability**

1. Adequate electricity supply from Sangtuda-1.
2. Timely rehabilitation and upgrade of SIB's and STB's electricity transmission and distribution assets.
3. Reduction of electricity sector costs.

#### **Result Area 3: Strengthening of BT, SIB, and STB Governance and Improvement of Transparency**

1. Implementation of good-practice corporate governance at BT, SIB, and STB.
2. Use of technically, economically, and financially sound principles for investment decision-making in generation, transmission, and distribution.
3. Improvement of operational and financial transparency of BT, SIB, and STB.

## SCHEDULE 2

### Program Execution

#### Section I. Implementation Arrangements

##### A. Program Institutions

1. The Recipient shall be responsible for the overall implementation, monitoring, and evaluation of the Program, and shall maintain, throughout the implementation of the Program, the MOF, MEWR, and other relevant entities or their affiliates of the Recipient, each assigned with technical, social, and environmental, fiduciary, and other appropriate Program related responsibilities, powers, capacity, staffing, and resources.
2. The Recipient shall, and cause BT to carry out the Program Action Plan with the technical support from SIB and STB, in accordance with the schedule and other undertakings set out in such a plan, in a manner satisfactory to the Association, and except as the Association shall otherwise agree, shall not assign, amend, abrogate, or waive any provision of the Program Action Plan.

##### B. Subsidiary Agreement

- (a) To facilitate the carrying out of the Program, the Recipient shall make the proceeds of the Financing available to the Program Implementing Entity under a subsidiary agreement between the Recipient and the Program Implementing Entity, under terms and conditions approved by the Association ("Subsidiary Agreement"), including among other things, requirements regarding the interest rate on the BT's commercial debt (e.g, comparable to Prevailing Market Rates for commercial debt with Similar Profile);
- (b) The Recipient shall exercise its rights under the Subsidiary Agreement in such manner as to protect the interests of the Recipient and the Association and to accomplish the purposes of the Financing. Except as the Association shall otherwise agree, the Recipient shall not assign, amend, abrogate, or waive the Subsidiary Agreement or any of its provisions.

##### C. Implementation Agreements

- (a) Without limitation upon the generality of Part A of this Section I and to facilitate the carrying out of the Program, the Recipient, through MoF and MEWR, and BT shall enter into implementation agreements with SIB and STB each, under terms and conditions approved by the Association ("Implementation Agreements") which shall include *inter alia*: the

specific roles and responsibilities of SIB and STB to facilitate timely implementation of the Program.

- (b) The Recipient shall exercise its rights under the Implementation Agreements in such manner as to protect the interests of the Recipient and the Association and to accomplish the purposes of the Financing. Except as the Association shall otherwise agree, the Recipient shall not assign, amend, abrogate, or waive the Implementation Agreements or any of its provisions.

## **Section II. Excluded Activities**

The Recipient shall ensure that the Program excludes any activities which:

- (a) in the opinion of the Association, are likely to have significant adverse impacts that are sensitive, diverse, or unprecedented on the environment and/or affected people; or
- (b) involve the procurement of: (1) works, estimated to cost \$10,000,000 equivalent or more per contract; (2) goods, estimated to cost \$30,000,000 equivalent or more per contract; (3) non-consulting services, estimated to cost \$30,000,000 equivalent or more per contract; or (4) consulting services, estimated to cost \$3,000,000 equivalent or more per contract.

## **Section III. Program Monitoring, Reporting and Evaluation**

The Recipient shall furnish to the Association each Program Report not later than forty-five (45) days after the end of each calendar semester, covering the calendar semester.

## **Section IV. Withdrawal of Financing Proceeds**

### **A. General**

1. Without limitation upon the provisions of Article II of the General Conditions and in accordance with the Disbursement and Financial Information Letter, the Recipient may withdraw the proceeds of the Financing to finance Program Expenditures (inclusive of Taxes), on the basis of the results ("Disbursement Linked Results" or "DLRs") achieved by the Recipient, as measured against specific indicators ("Disbursement Linked Indicators" or "DLIs"); all as set forth in the table in paragraph 2 of this Part A.
2. The following table specifies each category of withdrawal of the proceeds of the Financing (including the Disbursement Linked Indicators as applicable)



(“Category”), the Disbursement Linked Results for each Category (as applicable), and the allocation of the amounts of the Financing to each Category:

<b>Category (including Disbursement Linked Indicator as applicable)</b>	<b>Disbursement Linked Result (as applicable)</b>	<b>Amount of the Financing Allocated (expressed in SDR)</b>
(1) DLI #1: Achievement of cost-recovery end- user tariffs	DLR 1.1: By November 30, 2022, at least twelve (12) percent increase of average end-user electricity tariff has been adopted by the Recipient	1,631,000
	DLR 1.2: By December 31, 2023, at least annual adjustment of generation, transmission, distribution, and end-user tariffs as per the new tariff methodology and consistent with the targets approved under the Electricity Tariff Paper	1,557,000
	DLR 1.3: By December 31, 2024, at least annual adjustment of generation, transmission, distribution, and end-user tariffs as per the new tariff methodology and consistent with the targets approved under the Electricity Tariff Paper	371,000
	DLR 1.4: By December 31, 2025, at least annual adjustment of generation, transmission, distribution, and end-user tariffs as per the new tariff methodology and consistent with the targets approved under the Electricity Tariff Paper	371,000
	DLR 1.5: By December 31, 2026, at least annual adjustment of generation, transmission, distribution, and end-user tariffs as	371,000

Category (including Disbursement Linked Indicator as applicable)	Disbursement Linked Result (as applicable)	Amount of the Financing Allocated (expressed in SDR)
	per the new tariff methodology and consistent with the targets approved under the Electricity Tariff Paper	
	DLR 1.6: By December 31, 2027, at least annual adjustment of generation, transmission, distribution, and end-user tariffs as per the new tariff methodology and consistent with the targets approved under the Electricity Tariff Paper	148,000
	DLR 1.7: By September 30, 2022, (a) approval by the Recipient's government of the Electricity Tariff Paper satisfactory to the Association, with estimated full cost-recovery tariff and tariff adjustment plan to reach full cost-recovery by the end of 2025; and (b) establishment of an adequately staffed Tariff Unit at the AMS	148,000
	DLR 1.8: By December 31, 2028, at least annual adjustment of generation, transmission, distribution, and end-user tariffs as per the new tariff methodology and consistent with the targets approved under the Electricity Tariff Paper	148,000
	DLR 1.9: By December 31, 2029, at least annual adjustment of generation, transmission, distribution, and end-user tariffs as per the new tariff methodology and consistent with the targets	148,000

<b>Category (including Disbursement Linked Indicator as applicable)</b>	<b>Disbursement Linked Result (as applicable)</b>	<b>Amount of the Financing Allocated (expressed in SDR)</b>
	approved under the Electricity Tariff Paper	
	DLR 1.10: By December 31, 2030, at least annual adjustment of generation, transmission, distribution, and end-user tariffs as per the new tariff methodology and consistent with the targets approved under the Electricity Tariff Paper	148,000
	DLR 1.11: By December 31, 2031, at least annual adjustment of generation, transmission, distribution, and end-user tariffs as per the new tariff methodology and consistent with the targets approved under the Electricity Tariff Paper	148,000
(2) DLI #2: Revision of Subsidiary Agreements between the MOF and BT	DLR 2.1: By October 30, 2020, the Recipient converts into equity ownership of BT the outstanding principal amounts and interest payable by BT for ten (10) loans under Group 1 Subsidiary Agreements	0
	DLR 2.2: By October 30, 2020, the terms of any new financing received by BT from the MOF are aligned with the terms in the respective legal agreements between the Recipient and the financiers	0
	DLR 2.3: By December 31, 2020, the Recipient converts into equity ownership of BT the outstanding principal amounts and interest	0

Category (including Disbursement Linked Indicator as applicable)	Disbursement Linked Result (as applicable)	Amount of the Financing Allocated (expressed in SDR)
	payable under additional four (4) Group 1 Subsidiary Agreements	
	DLR 2.4: By December 31, 2020, the BT supervisory board adopts a formal decision to prohibit BT from receiving new financing from the MOF, unless the terms of such financing are aligned with the terms reflected in the legal documents between the Recipient and the financiers	0
	DLR 2.5: By December 31, 2020, the terms of any new financing received by BT from the MOF are aligned with the terms in the respective legal documents between the Recipient and the financiers	0
	DLR 2.6: By September 30, 2022, (a) the MOF and BT revise the terms of ten (10) loans under Group 2 Subsidiary Agreements to align those with the terms in respective legal agreements between the Recipient and the financiers; and (b) the Recipient converts into equity the difference between the original and revised interest payable by BT to the MOF under each of the ten (10) loans from Group 2 Subsidiary Agreements, assuming the revised terms of each such loan were in effect since the effectiveness date of the respective Group 2 Subsidiary Agreements	1,112,000

<b>Category (including Disbursement Linked Indicator as applicable)</b>	<b>Disbursement Linked Result (as applicable)</b>	<b>Amount of the Financing Allocated (expressed in SDR)</b>
	DLR 2.7: By September 30, 2022, the terms of any new financing received by BT from the MOF are aligned with the terms in the respective legal documents between the Recipient and the financiers	0
	DLR 2.8: By September 30, 2022: (a) the MOF and BT revise the terms of nine (9) additional loans under Group 2 Subsidiary Agreements to align those with the terms in respective legal documents between the Recipient and the financiers; and (b) the Recipient converts into equity the difference between the original and revised interest payable by BT to MOF under each of the nine (9) loans from Group 2 Subsidiary Agreements, assuming the revised terms of each such loan were in effect since the effectiveness date of the respective Group 2 Subsidiary Agreements	1,112,000
	DLR 2.9: By December 31, 2021, the terms of any new financing received by BT from the MOF are aligned with the terms in the respective legal documents between the Recipient and the financiers	0
(3) DLI #3: Electricity Sector's Cash Deficit	DLR 3.1: By December 31, 2022, the Electricity Sector's Cash Deficit does not exceed TJS 14 billion	2,224,000
	DLR 3.2: By December 31, 2023, the Electricity Sector's Cash Deficit does not exceed TJS 16 billion	2,224,000

<b>Category (including Disbursement Linked Indicator as applicable)</b>	<b>Disbursement Linked Result (as applicable)</b>	<b>Amount of the Financing Allocated (expressed in SDR)</b>
	DLR 3.3: By December 31, 2024, the Electricity Sector's Cash Deficit does not exceed TJS 16 billion	1,482,000
	DLR 3.4: By December 31, 2025, the Electricity Sector's Cash Deficit does not exceed TJS 16 billion	741,000
	DLR 3.5: By December 31, 2026, the Electricity Sector's Cash Deficit does not exceed TJS 15 billion	741,000
	DLR 3.6: By December 31, 2027, the Electricity Sector's Cash Deficit does not exceed TJS 13 billion	741,000
	DLR 3.7: By December 31, 2028, the Electricity Sector's Cash Deficit does not exceed TJS 11 billion	741,000
	DLR 3.8: By December 31, 2029, the Electricity Sector's Cash Deficit does not exceed TJS 7 billion	741,000
	DLR 3.9: By December 31, 2030, the Electricity Sector's Cash Deficit does not exceed TJS 2 billion	741,000
	DLR 3.10: By December 31, 2031, the Electricity Sector does not have a Cash Deficit	741,000
(4) DLI #5: Adequate electricity supply is received by BT or the Designated Off-Taker from Sangtuda-1 power plant	DLR 5.1: By June 30, 2020, at least 1,000 GWh is received by BT	0
	DLR 5.2: By December 31, 2020, at least 800 GWh is received by BT	0
	DLR 5.3: By June 30, 2021, at least 1,000 GWh is received by BT	0

<b>Category (including Disbursement Linked Indicator as applicable)</b>	<b>Disbursement Linked Result (as applicable)</b>	<b>Amount of the Financing Allocated (expressed in SDR)</b>
	DLR 5.4: By December 31, 2021, at least 800 GWh is received by BT	0
	DLR 5.5: By December 31, 2022, at least 1,800 GWh is received by BT or the new Designated Off-taker	371,000
	DLR 5.6: By December 31, 2023, at least 1,800 GWh is received by BT or the new Designated Off-taker	371,000
	DLR 5.7: By December 31, 2024, at least 1,800 GWh is received by BT or the new Designated Off-taker	371,000
	DLR 5.8: By December 31, 2025, at least 1,800 GWh is received by BT or the new Designated Off-taker	371,000
	DLR 5.9: By December 31, 2026, at least 1,800 GWh is received by BT or the new Designated Off-taker	148,000
	DLR 5.10: By December 31, 2027, at least 1,800 GWh is received by BT or the new Designated Off-taker	148,000
	DLR 5.11: By December 31, 2028, at least 1,800 GWh is received by BT or the new Designated Off-taker	148,000
	DLR 5.12: By December 31, 2029, at least 1,800 GWh is received by BT or the new Designated Off-taker	148,000
	DLR 5.13: By December 31, 2030, at least 1,800 GWh is received by BT or the new Designated Off-taker	148,000

Category (including Disbursement Linked Indicator as applicable)	Disbursement Linked Result (as applicable)	Amount of the Financing Allocated (expressed in SDR)
(5) DLI #7: Use of technically, economically, and financially sound principles for the Recipient's investment decision-making in electricity generation, transmission, and distribution	DLR 7.1: By October 30, 2022, MEWR completes the update of GEP	815,000
	DLR 7.2: By February 28, 2023, MEWR approves the updated GEP	445,000
	DLR 7.3: By December 31, 2023, new generation investment decisions are made by the Recipient in accordance with the updated GEP, and transmission and distribution network development plans based on the GEP are prepared by SIB and STB respectively, and are approved by MEWR	222,000
	DLR 7.4: By December 31, 2024, new generation as well as transmission and distribution projects initiated by BT, SIB, and STB respectively or the Recipient's government are consistent with the adopted plans	222,000
	DLR 7.5: By December 31, 2025, new generation as well as transmission and distribution projects initiated by BT, SIB, and STB accordingly or the Recipient's government are consistent with the adopted plans	148,000



Category (including Disbursement Linked Indicator as applicable)	Disbursement Linked Result (as applicable)	Amount of the Financing Allocated (expressed in SDR)
	DLR 7.6: By December 31, 2026, new generation as well as transmission and distribution projects initiated by BT, SIB, and STB respectively or the Recipient's government are consistent with the adopted plans	148,000
	DLR 7.7: By December 31, 2027, new generation as well as transmission and distribution projects initiated by BT, SIB, and STB respectively or the Recipient's government are consistent with the adopted plans	74,000
	DLR 7.8: By December 31, 2028, new generation as well as transmission and distribution projects initiated by BT, SIB, and STB respectively or the Recipient's government are consistent with the adopted plans	74,000
	DLR 7.9: By December 31, 2029, new generation as well as transmission and distribution projects initiated by BT, SIB, and STB respectively or the Recipient's government are consistent with the adopted plans	74,000
	DLR 7.10: By December 31, 2030, new generation as well as transmission and distribution projects initiated by BT, SIB, and STB respectively or the Recipient's	74,000

<b>Category (including Disbursement Linked Indicator as applicable)</b>	<b>Disbursement Linked Result (as applicable)</b>	<b>Amount of the Financing Allocated (expressed in SDR)</b>
	government are consistent with the adopted plans	
(6) DLI #8: Implementation of good practice corporate governance at BT, SIB, and STB	DLR 8.1: By May 31, 2022, supervisory boards are functional and specialized committees (audit and compensation) are formed at BT, SIB, and STB comprising of members of supervisory boards and chaired by independent supervisory board members	0
	DLR 8.2: By June 30, 2022, supervisory boards and specialized committees are functional	0
	DLR 8.3: By December 31, 2022, supervisory boards and specialized committees are functional	519,000
	DLR 8.4: By December 31, 2023, supervisory boards and specialized committees are functional	445,000
	DLR 8.5: By December 31, 2024, supervisory boards and specialized committees are functional	74,000
	DLR 8.6: By December 31, 2025, supervisory boards and specialized committees are functional	74,000
	DLR 8.7: By December 31, 2026, supervisory boards and specialized committees are functional	74,000
	DLR 8.8: By December 31, 2027, supervisory boards and specialized committees are functional	74,000

<b>Category (including Disbursement Linked Indicator as applicable)</b>	<b>Disbursement Linked Result (as applicable)</b>	<b>Amount of the Financing Allocated (expressed in SDR)</b>
	DLR 8.9: By December 31, 2028, supervisory boards and specialized committees are functional	74,000
	DLR 8.10: By December 31, 2029, supervisory boards and specialized committees are functional	74,000
	DLR 8.11: By December 31, 2030, supervisory boards and specialized committees are functional	74,000
(7) DLI #9: Improvement of operational and financial transparency of BT, SIB, and STB	DLR 9.1: By December 31, 2020, BT publishes on its website key quarterly operational data and unaudited financial statement for 2019	0
	DLR 9.2: By December 31, 2021, BT publishes on its website key quarterly operational data and unaudited financial statement for 2020	0
	DLR 9.3: By December 31, 2022, BT, SIB, and STB publish on their websites key quarterly operational data and unaudited financial statements for 2021	297,000
	DLR 9.4: By December 31, 2023, BT, SIB, and STB publish on their websites key quarterly operational data and unaudited financial statements for 2022	74,000
	DLR 9.5: By December 31, 2024, BT, SIB, and STB publish on their websites key quarterly operational	74,000

<b>Category (including Disbursement Linked Indicator as applicable)</b>	<b>Disbursement Linked Result (as applicable)</b>	<b>Amount of the Financing Allocated (expressed in SDR)</b>
	data and unaudited financial statements for 2023	
	DLR 9.6: By December 31, 2025, BT, SIB, and STB publish on their websites key quarterly operational data and unaudited financial statements for 2024	37,000
	DLR 9.7: By December 31, 2026, BT, SIB, and STB publish on their websites key quarterly operational data and unaudited financial statements for 2025	37,000
	DLR 9.8: By December 31, 2027, BT, SIB, and STB publish on their websites key quarterly operational data and unaudited financial statements for 2026	37,000
	DLR 9.9: By December 31, 2028, BT, SIB, and STB publish on their websites key quarterly operational data and unaudited financial statements for 2027	37,000
	DLR 9.10: By December 31, 2029, BT, SIB, and STB publish on their websites key quarterly operational data and unaudited financial statements for 2028	37,000
	DLR 9.11: By December 31, 2030, BT, SIB, and STB publish on their websites key quarterly operational data and unaudited financial statements for 2029.	37,000
(8) DLI #10: Reduction of Electricity Sector costs	DLR 10.1: By December 31, 2022: (a) BT purchases fuel oil through international competitive process; and	5,189,000

Category (including Disbursement Linked Indicator as applicable)	Disbursement Linked Result (as applicable)	Amount of the Financing Allocated (expressed in SDR)
	(b) BT's stock of fuel oil does not exceed the level required for emergency supply of heat	
	<p>DLR 10.2: By December 31, 2023:</p> <p>(a) BT purchases fuel oil through international competitive process;</p> <p>(b) BT's stock of fuel oil does not exceed the level required for emergency supply of heat; and</p> <p>(c) BT, SIB and STB reduce the costs of materials, services, and fixed asset maintenance by at least fifteen (15) percent, five (5) percent, and ten (10) percent each compared to the same costs in 2022.</p>	5,189,000
	<p>DLR 10.3: By December 31, 2024:</p> <p>(a) BT purchases fuel oil through international competitive process;</p> <p>(b) BT's stock of fuel oil does not exceed the level required for emergency supply of heat; and</p> <p>(c) the costs of materials, services, and fixed asset maintenance of BT, SIB, and STB do not exceed their respective 2023 levels adjusted by the annual 2024 inflation.</p>	741,000
	<p>DLR 10.4: By December 31, 2025:</p> <p>(a) BT purchases fuel oil through international competitive process;</p>	741,000

Category (including Disbursement Linked Indicator as applicable)	Disbursement Linked Result (as applicable)	Amount of the Financing Allocated (expressed in SDR)
	(b) BT's stock of fuel oil does not exceed the level required for emergency supply of heat; and (c) the costs of materials, services, and fixed asset maintenance of BT, SIB, and STB do not exceed their respective 2024 levels adjusted by the annual 2025 inflation.	
	DLR 10.5: By December 31, 2026:  (a) BT purchases fuel oil through international competitive process;  (b) BT's stock of fuel oil does not exceed the level required for emergency supply of heat; and  c) the costs of materials, services, and fixed asset maintenance of BT, SIB, and STB do not exceed their respective 2025 levels adjusted by the annual 2026 inflation.	741,000
	DLR 10.6: By December 31, 2027: (a) BT purchases fuel oil through international competitive process;  (b) BT's stock of fuel oil does not exceed the level required for emergency supply of heat; and  (c) the costs of materials, services, and fixed asset maintenance of BT, SIB, and STB do not exceed their respective 2026 levels adjusted by the annual 2027 inflation.	371,000
	DLR 10.7: By December 31, 2028: (a) BT purchases fuel oil through international competitive process;	371,000

Category (including Disbursement Linked Indicator as applicable)	Disbursement Linked Result (as applicable)	Amount of the Financing Allocated (expressed in SDR)
	<p>(b) BT's stock of fuel oil does not exceed the level required for emergency supply of heat; and</p> <p>(c) the costs of materials, services, and fixed asset maintenance of BT, SIB, and STB do not exceed their respective 2027 levels adjusted by the annual 2028 inflation.</p>	
	<p>DLR 10.8: By December 31, 2029:</p> <p>(a) BT purchases fuel oil through international competitive process;</p> <p>(b) BT's stock of fuel oil does not exceed the level required for emergency supply of heat; and</p> <p>(c) the costs of materials, services, and fixed asset maintenance of BT, SIB, and STB do not exceed their respective 2028 levels adjusted by the annual 2029 inflation.</p>	371,000
	<p>DLR 10.9: By December 31, 2030:</p> <p>(a) BT purchases fuel oil through international competitive process;</p> <p>(b) BT's stock of fuel oil does not exceed the level required for emergency supply of heat; and</p> <p>(c) the costs of materials, services, and fixed asset maintenance of BT, SIB, and STB do not exceed their respective 2029 levels adjusted by the annual 2030 inflation.</p>	371,000
(9) DLI #11: Improved	DLR 11.1: By September 30, 2022:	6,894,000

Category (including Disbursement Linked Indicator as applicable)	Disbursement Linked Result (as applicable)	Amount of the Financing Allocated (expressed in SDR)
prioritization, predictability, and transparency of cash flows in the Electricity Sector	(a) collection and distribution of electricity sector revenues from domestic market are systematically carried out according to the Escrow Account Regulations; and  (b) expenditures from other account(s) of BT to include US\$20 million payment under subsidiary agreements with MOF and settlement of other existing liabilities	
	DLR 11.2: By December 31, 2022:  (a) collection and distribution of electricity sector revenues from domestic market are systematically carried out according to the Escrow Account Regulations; and  (b) expenditures from other account(s) of BT were prioritized consistent with the cost of existing liabilities including payments on sovereign-guaranteed debt.	6,894,000
	DLR 11.3: By June 30, 2023:  (a) collection and distribution of electricity sector revenues from domestic market are systematically carried out according to the Escrow Account Regulations; and  (b) expenditures from other account(s) of BT were prioritized consistent with the cost of existing liabilities including payments on sovereign-guaranteed debt.	1,482,000
	DLR 11.4: By December 31, 2023:	1,482,000



Category (including Disbursement Linked Indicator as applicable)	Disbursement Linked Result (as applicable)	Amount of the Financing Allocated (expressed in SDR)
	<p>(a) collection and distribution of electricity sector revenues from domestic market are systematically carried out according to the Escrow Account Regulations; and</p> <p>(b) expenditures from other account(s) of BT were prioritized consistent with the cost of existing liabilities including payments on sovereign-guaranteed debt.</p>	
	<p>DLR 11.5: By June 30, 2024:</p> <p>(a) collection and distribution of electricity sector revenues from domestic market are systematically carried out according to the Escrow Account Regulations; and</p> <p>(b) expenditures from other account(s) of BT were prioritized consistent with the cost of existing liabilities including payments on sovereign-guaranteed debt.</p>	741,000
	<p>DLR 11.6: By December 31, 2024:</p> <p>(a) collection and distribution of electricity sector revenues from domestic market are systematically carried out according to the Escrow Account Regulations; and</p> <p>(b) expenditures from other account(s) of BT were prioritized consistent with the cost of existing liabilities including payments on sovereign-guaranteed debt.</p>	741,000
	DLR 11.7: By December 31, 2025:	

Category (including Disbursement Linked Indicator as applicable)	Disbursement Linked Result (as applicable)	Amount of the Financing Allocated (expressed in SDR)
	(a) collection and distribution of electricity sector revenues from domestic market are systematically carried out according to the Escrow Account Regulations; and  (b) expenditures from other accounts of BT were prioritized consistent with the cost of existing liabilities including payments on sovereign-guaranteed debt.	297,000
	DLR 11.8: By December 31, 2026:  (a) collection and distribution of electricity sector revenues from domestic market are systematically carried out according to the Escrow Account Regulations; and  (b) expenditures from other account(s) of BT were prioritized consistent with the cost of existing liabilities including payments on sovereign-guaranteed debt.	297,000
	DLR 11.9: By December 31, 2027:  (a) collection and distribution of electricity sector revenues from domestic market are systematically carried out according to the Escrow Account Regulations; and  (b) expenditures from other account(s) of BT were prioritized consistent with the cost of existing liabilities including payments on sovereign-guaranteed debt.	297,000

Category (including Disbursement Linked Indicator as applicable)	Disbursement Linked Result (as applicable)	Amount of the Financing Allocated (expressed in SDR)
	<p>DLR 11.10: By December 31, 2028:</p> <p>(a) collection and distribution of electricity sector revenues from domestic market are systematically carried out according to the Escrow Account Regulations; and</p> <p>(b) expenditures from other account(s) of BT were prioritized consistent with the cost of existing liabilities including payments on sovereign-guaranteed debt.</p>	297,000
	<p>DLR 11.11: By December 31, 2029:</p> <p>(a) collection and distribution of electricity sector revenues from domestic market are systematically carried out according to the Escrow Account Regulations; and</p> <p>(b) expenditures from other account(s) of BT were prioritized consistent with the cost of existing liabilities including payments on sovereign-guaranteed debt.</p>	297,000
	<p>DLR 11.12: By December 31, 2030:</p> <p>(a) collection and distribution of electricity sector revenues from domestic market are systematically carried out according to the Escrow Account Regulations; and</p> <p>(b) expenditures from other account(s) of BT were prioritized consistent with the cost of existing</p>	297,000

<b>Category (including Disbursement Linked Indicator as applicable)</b>	<b>Disbursement Linked Result (as applicable)</b>	<b>Amount of the Financing Allocated (expressed in SDR)</b>
	liabilities including payments on sovereign-guaranteed debt.	
<b>Total</b>		<b>59,300,000</b>

**B. Withdrawal Conditions; Withdrawal Period**

1. Notwithstanding the provisions of Part A of this Section, no withdrawal shall be made:
  - (a) on the basis of DLRs achieved prior to the Signature Date; or/and
  - (b) for any DLR under any Category unless and until (i) the Recipient has furnished evidence satisfactory to the Association that said DLR has been achieved; and (ii) the Recipient has furnished evidence satisfactory to the Association that DLR 11.1 has been fully achieved;
  - (c) for any DLR under any Category (except DLRs under this Financing Agreement that have to be achieved by December 30, 2022 or at a later date as agreed with the Association) unless and until (i) the Recipient has furnished evidence satisfactory to the Association that said DLR has been achieved; and (ii) the Recipient has furnished evidence satisfactory to the Association that DLR 11.2 has been fully achieved.
2. Notwithstanding the provisions of Part B.1 (b) and (c) of this Section, the Recipient may withdraw an amount not to exceed SDR 14,825,000 equivalent as an advance; provided, however, that if the DLR(s) in the opinion of the Association, are not achieved (or only partially achieved) by the Closing Date, the Recipient shall refund such advance (or portion of such advance as determined by the Association), to the Association promptly upon notice thereof by the Association. Except as otherwise agreed with the Recipient, the Association shall cancel the amount so refunded. Any further withdrawals requested as an advance under any Category shall be permitted only on such terms and conditions as the Association shall specify by notice to the Recipient.
3. Notwithstanding the provisions of Part B.1(b) and (c) of this Section, if any of the DLRs under Categories (1) to (9) has not been achieved by the date by which the said DLR is set to be achieved (or such later date as the Association has established by notice to the Recipient), the Association may, by notice to the Recipient: (a) authorize the withdrawal of such lesser amount of the unwithdrawn proceeds of

the Financing then allocated to said Category which, in the opinion of the Association, corresponds to the extent of achievement of said DLR; (b) reallocate all or a portion of the proceeds of the Financing then allocated to said DLR to any other DLR; and/or (c) cancel all or a portion of the proceeds of the Financing then allocated to said DLR.

4. The Closing Date is August 31, 2032.

**Section V. Other Undertakings**

**A. BT Penalties and Charges**

The Recipient shall, no later than September 30, 2022, convert into equity BT's penalties or charges due to the MOF for overdue debt service under the Group 1 Subsidiary Agreements, Group 2 Subsidiary Agreements, and Group 3 Subsidiary Agreements, and thereafter shall not apply new penalties or charges on BT debt service obligations to the MOF with respect of the abovementioned agreements that are not fully reflected in approved electricity tariffs of BT.

**B. BT Debt Service**

1. Except as the Bank shall otherwise agree, BT shall not incur any debt unless a reasonable forecast of the revenues and expenditures of BT shows that the estimated net revenues of BT for each calendar year during the term of the debt to be incurred shall be equal to or more than the estimated debt service requirements of BT in such year on all debt of BT including the debt to be incurred.
2. The term "debt" means any indebtedness of BT maturing by its terms more than one year after the date on which it is originally incurred. Debt shall be deemed to be incurred: (a) under a loan contract or agreement or other instrument providing for such debt or for the modification of its terms of payment on the date of such contract, agreement or instrument; and (b) under a guarantee agreement, on the date the agreement providing for such guarantee has been entered into.
3. The term "net revenues" means the difference between the sum of revenues from all sources related to operations and net non-operating income; and the sum of all expenses related to operations including administration, adequate maintenance, taxes, and payments in lieu of taxes, but excluding provision for depreciation, other non-cash operating charges and interest and other charges on debt.
4. The term "net non-operating income" means the difference between revenues from all sources other than those related to operations and expenses, including taxes and payments in lieu of taxes, incurred in the generation of revenues.

5. The term “debt service requirements” means the aggregate amount of repayments of, and interest and other charges on, debt.
6. The term “reasonable forecast” means a forecast prepared by BT not earlier than twelve (12) months prior to the incurrence of the debt in question, which both the Bank and the Recipient accept as reasonable and as to which the Bank has notified the Recipient of its acceptability, provided that no event has occurred since such notification which has, or may reasonably be expected in the future to have, a material adverse effect on the financial condition or future operating results of BT.
7. Whenever for the purposes of this Section it shall be necessary to value, in terms of the currency of the Recipient, 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.

## APPENDIX

### DEFINITIONS

1. “Accrual Based Costs” means: (a) direct production costs, comprised of purchased electricity, materials, salary and related expenses, income taxes, and other direct costs; (b) selling costs, comprised of salary and related expenses, inventory, services expenses, and other selling costs; (c) general and administrative costs, comprised of salary and related expenses, professional expenditures, commissions for banking services, fines and penalties, and taxes other than income tax; and (d) costs related to liabilities, comprised of trade payables, current portion of principal under long-term debts, principals under short-term debts, interest payable, and penalties on overdue debt service.
2. “Anti-Corruption Guidelines” means, for purposes of paragraph 5 of the Appendix to the General Conditions, the Association’s “Guidelines on Preventing and Combating Fraud and Corruption in Program-for-Results Financing,” dated February 1, 2012, and revised July 10, 2015.
3. “AMS” means the Recipient’s Anti-Monopoly Service, established pursuant to the Government Decree No. # 227, dated May 3, 2019, or any successor thereto.
4. “BT” or the “Program Implementing Entity” means *Barqi Tojik*, the energy company of the Recipient, an open joint stock holding company established and operating pursuant to the Statute of the Open Joint Stock Holding Company Barqi Tojik approved by the Government of Tajikistan Decree No. 537, dated October 31, 2008, or any successor thereto acceptable to the Association.
5. “Category” means a category set forth in the table in Section IV.A.2 of Schedule 2 to this Agreement.
6. “Cash Deficit” means the difference between BT’s Cash Revenues for the year and all Accrual Based Costs (direct, selling, general and administrative, debt service, overdue trade payables, and penalties on overdue debt service).
7. “Cash Revenues” means cash collected by BT from sales of electricity to domestic consumers and cash collected from exports of electricity.
8. “Designated Off-taker” means an entity that may become the new counterparty to the power purchase agreement signed between BT and Sangtuda-1 IPP.
9. “Disbursement Linked Indicator” or “DLI” means in respect of a given Category, the indicator related to said Category as set forth in the table in Section IV.A.2 of Schedule 2 to this Agreement.

10. “Disbursement Linked Result” or “DLR” means in respect of a given Category, the result under said Category as set forth in the table in Section IV.A.2 of Schedule 2 to this Agreement, on the basis of the achievement of which, the amount of the Financing allocated to said result may be withdrawn in accordance with the provisions of said Section IV.
11. “Electricity Sector” means the Recipient’s Open Joint Stock Holding Company Barqi Tojik, Open Joint Stock Company Shabakahoi Intiqoli Barq, and Open Joint Stock Company Shabakahoi Intiqoli Barq or their successors.
12. “Electricity Tariff Paper” means the Recipient’s official tariff policy document containing the computation of the level of cost-recovery electricity tariffs and the trajectory of planned electricity tariff increases for a given time period.
13. “Escrow Account Regulations” means the Recipient’s official rules for establishment, use, and management of the special bank account to be established, as per the requirements of the Government of Tajikistan Decree No. 500, dated November 25, 2021, and the Government of Tajikistan Decree No. 208, dated April 27, 2022, to collect and distribute the revenues from electricity sales to domestic electricity market.
14. “General Conditions” means the “International Development Association General Conditions for IDA Financing, Program-for-Results Financing”, dated December 14, 2018 (revised on August 1, 2020, April 1, 2021, and January 1, 2022).
15. “GEP” means the Recipient’s Generation Expansion Plan (officially called “Action plan for implementation of priority energy projects in the Republic of Tajikistan for 2015-2020”), adopted by the Government of Tajikistan pursuant to Resolution No. 427, dated July 2, 2015.
16. “Group 1 Subsidiary Agreements” means the legal agreements between the MOF and BT under which BT received from MOF as loans the financial resources provided to the Recipient by financiers as grants.
17. “Group 2 Subsidiary Agreements” means the legal agreements between the MOF and BT under which BT received financial resources from the MOF as loans under terms and conditions which are different from those in the respective loan agreements between the Recipient and the financiers.
18. “Group 3 Subsidiary Agreements” means the legal agreements between the MOF and BT under which BT received from the MOF the financial resources provided to the Recipient by as both grants and loans under terms and conditions similar to those in the respective legal agreements.



19. "Implementation Agreement" means the agreements to be entered between the Recipient and/or BT, and STB and SIB each, referred to in Schedule 2, Section I, Part D of this Agreement, as such agreement may be amended from time to time, with prior approval of the Association.
20. "MEWR" means the Recipient's Ministry of Energy and Water Resources, or any successor thereto.
21. "MOF" means the Recipient's Ministry of Finance, or any successor thereto.
22. "Prevailing Market Rates" means the average interest rates on commercial loans in Tajikistan, as published by the National Bank of Tajikistan, during the three (3) months preceding the date of the interest rate revisions for the BT commercial loans.
23. "Program Action Plan" means the Recipient's plan dated November 27, 2019, as revised on June 1, 2022, and referred to in Section A.2 of Schedule 2 to this Agreement, as may be amended from time to time with the agreement of the Association.
24. "Sangtuda-1" means an independent power producer established as an open joint stock Russia-Tajikistan enterprise, and registered by the Ministry of Justice of the Recipient on March 2, 2005 (Registration no. 001-1739), or any successor thereto.
25. "SIB" means Shabakahoi Intiqoli Barq, the national electricity transmission company of the Recipient, an open joint stock company established and operating pursuant to the Statute of the Open Joint Stock Company Shabakahoi Intiqoli Barq approved by the Government of Tajikistan Decree No. 330, dated June 22, 2019, or any successor thereto acceptable to the Association.
26. "Similar Profile" means commercial loan with currency denomination, maturity, and other parameters comparable to the commercial loans of BT.
27. "STB" means Shabakahoi Taqsimoti Barq, the national electricity distribution company of the Recipient, an open joint stock company established and operating pursuant to the Statute of the Open Joint Stock Company Shabakahoi Intiqoli Barq approved by the Government of Tajikistan Decree No. 330, dated June 22, 2019, or any successor thereto acceptable to the Association.
28. "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.
29. "Subsidiary Agreement" means the agreement to be entered between the Recipient and BT, referred to in Schedule 2, Section I, Part C of this Agreement, as such

agreement may be amended from time to time, with prior approval of the Association.