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**CREDIT NUMBER 4745-UZ**

# **Financing Agreement**

**(Energy Efficiency Facility for Industrial Enterprises Project)**

**between**

**REPUBLIC OF UZBEKISTAN**

**and**

**INTERNATIONAL DEVELOPMENT ASSOCIATION**

**Dated August 18, 2011**

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**CREDIT NUMBER 4745 -UZ**

**FINANCING AGREEMENT**

AGREEMENT dated August 18, 2011, entered into between REPUBLIC OF UZBEKISTAN (“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) 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.
- 1.03. Each reference in the General Conditions to the Project Implementing Entity shall be deemed as a reference to the Participating Bank(s).

**ARTICLE II - FINANCING**

- 2.01. The Association agrees to extend to the Recipient, on the terms and conditions set forth or referred to in this Agreement, a credit in an amount equivalent to sixteen million five hundred thousand Special Drawing Rights (SDR 16,500,000) (variously, “Credit” and “Financing”) to assist in financing the project described in Schedule 1 to this Agreement (“Project”).
- 2.02. The Recipient may withdraw the proceeds of the Financing in accordance with Section IV of Schedule 2 to this Agreement.
- 2.03. The Maximum Commitment Charge Rate payable by the Recipient on the Unwithdrawn Financing Balance shall be one-half of one percent (1/2 of 1%) per annum.
- 2.04. The Service Charge payable by the Recipient on the Withdrawn Credit Balance shall be equal to three-fourths of one percent (3/4 of 1%) per annum.
- 2.05. The Payment Dates are February 15 and August 15 in each year.

- 2.06. The principal amount of the Credit shall be repaid in accordance with the repayment schedule set forth in Schedule 3 to this Agreement.
- 2.07. The Payment Currency is Dollars.

### **ARTICLE III - PROJECT**

- 3.01. The Recipient declares its commitment to the objectives of the Project. To this end, the Recipient shall carry out Part A of the Project through MoE and cause Part B of the Project to be carried out by the Participating Bank(s) in accordance with the provisions of Article IV of the General Conditions and the Project Agreements.
- 3.02. Without limitation upon the provisions of Section 3.01 of this Agreement, and except as the Recipient and the Association shall otherwise agree, the Recipient shall ensure that the Project is carried out in accordance with the provisions of Schedule 2 to this Agreement.

### **ARTICLE IV - REMEDIES OF THE ASSOCIATION**

- 4.01. The Additional Events of Suspension consist of the following:
  - (a) The Recipient has taken or permitted to be taken any action which would prevent or interfere with the performance by any of the Participating Banks of its respective obligations under the respective Project Agreement.
  - (b) The respective Participating Bank's Legislation has been amended, suspended, abrogated, repealed or waived so as to affect materially and adversely the ability of any of the Participating Banks to perform any of its obligations under the respective Project Agreement.
  - (c) The Operations Manual has been amended, suspended, abrogated, repealed or waived without the Association's prior consent.
- 4.02. The Additional Event of Acceleration consists of the following, namely that any event specified in Section 4.01 of this Agreement occurs.

**ARTICLE V - EFFECTIVENESS; TERMINATION**

- 5.01. The Additional Conditions of Effectiveness consist of the following:
- (a) The Subsidiary Agreements referred to in Section I.B of Schedule 2 to this Agreement have been executed on behalf of the Recipient and the respective Participating Bank.
  - (b) The Operations Manual satisfactory to the Association has been adopted by MoE and the Participating Banks.
- 5.02. The Additional Legal Matters consist of the following:
- (a) on behalf of each Participating Bank, that the respective Project Agreement has been duly authorized or ratified, and executed and delivered on its behalf and is legally binding upon it in accordance with its terms and all necessary governmental and corporate action.
  - (b) each respective Subsidiary Agreement has been duly authorized or ratified by the Recipient and the respective Participating Bank and is legally binding upon the Recipient and each Participating Bank in accordance with its respective terms.
- 5.03. The Effectiveness Deadline is the date ninety (90) days after the date of this Agreement.
- 5.04. For purposes of Section 8.05 (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 years after the date of this Agreement.

**ARTICLE VI - REPRESENTATIVE; ADDRESSES**

- 6.01. The Recipient's Representative is the Minister of Finance of the Recipient.

6.02. The Recipient's Address is:

Ministry of Finance  
Mustakilik Square 5  
Tashkent 100008  
Republic of Uzbekistan

Telex:

11 6360 IK BOL

Facsimile:

(998-71) 244-5643  
(998-71) 239-1259

6.03. The Association's Address is:

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

Cable:

INDEVAS  
Washington, D.C.

Telex:

248423 (MCI)

Facsimile:

1-202-477-6391

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

REPUBLIC OF UZBEKISTAN

By /s/ Rustam Azimov

Authorized Representative

INTERNATIONAL DEVELOPMENT ASSOCIATION

By /s/ Takuya Kamata

Authorized Representative

## **SCHEDULE 1**

### **Project Description**

The objective of the Project is to improve energy efficiency in industrial enterprises by designing and establishing a financing mechanism for energy saving investments.

The Project consists of the following parts:

#### **Part A: Development of Energy Efficiency Capacity**

1. Development of the energy efficiency strategy for industrial enterprises in Uzbekistan, through the provision of consultants' services.
2. Development of an energy efficiency communication strategy and outreach programs, through the provision of consultants' services.
3. Enhancing the energy efficiency capacity of selected industries, banks, industry associations and energy professionals, through the provision of consultants' services and Training.
4. Strengthening the capacity of MoE and the PCU for Project management, coordination and monitoring and evaluation, through the provision of goods, consultants' services and Training.

#### **Part B: Credit Line to Participating Banks**

Establishment and operation of a credit facility for the Participating Banks for the provision of Sub-loan(s) to Beneficiaries, enabling such Beneficiaries to finance the costs related to the carrying out of industrial energy efficiency Sub-projects.

## **SCHEDULE 2**

### **Project Execution**

#### **Section I. Implementation Arrangements**

##### **A. Institutional Arrangements**

1. The Recipient shall: (a) vest the overall responsibility for the coordination of the Project and the carrying out of Part A of the Project in MoE; and (b) cause the Participating Banks to carry out Part B of the Project.

2. The Recipient shall ensure that MoE and the Participating Banks shall carry out the Project in accordance with the Operations Manual and, except as the Association shall otherwise agree, shall not amend or waive any provision of the Operations Manual if, in the opinion of the Association, such amendment or waiver may materially and adversely affect the carrying out of the Project or the achievement of the objectives thereof.

3. For the purposes of assisting MoE in the implementation of Part A of the Project, and in order to ensure the proper coordination of the execution of Part B of the Project, the Recipient shall establish by not later than December 15, 2010, and thereafter maintain within MoE throughout the duration of the Project, the PCU with adequate resources and facilities, and professional staff in adequate numbers whose qualifications, experience and terms of reference shall be acceptable to the Association.

4. For the purposes of assisting the Participating Banks in the implementation of Part B of the Project, the Recipient shall cause each Participating Bank to maintain, throughout the duration of the Project, a PIU within each Participating Bank, with adequate resources and facilities, and professional staff in adequate numbers whose qualifications, experience and terms of reference shall be acceptable to the Association.

##### **B. Subsidiary Agreement**

1. To facilitate the carrying out of each Participating Bank's Respective Part of the Project, the Recipient shall make part of the proceeds of the Financing available to each Participating Bank in accordance with on-lending terms set forth in an individual subsidiary agreement between the Recipient represented by MoF, and each of the Participating Banks, under terms and conditions approved by the Association (collectively the "Subsidiary Agreements") which shall include, inter alia, the following terms and conditions: (a) the principal amount of the Sub-financing shall be in Dollars and shall have a maturity of not less than fifteen (15) years, including a grace period of five (5) years; (b) interest shall be charged, on the principal amount thereof withdrawn and outstanding from time to time, at a rate equal to 6-month LIBOR plus an on-lending margin reflecting the administrative costs and risk margin of the MoF as set forth in the Operations Manual; (c) the commitment charge on the unwithdrawn Sub-financing

balance shall be payable at the rate set forth in Section 2.03 of the Financing Agreement; (d) the Participating Bank shall provide a minimum equivalent to 20% of the amount of the Sub-financing for co-financing the Sub-projects; and (e) the Participating Bank shall utilize the proceeds of the Sub-financing in accordance with this Agreement and the Project Agreements, and the Subsidiary Agreements.

2. The Recipient shall exercise its rights under the Subsidiary 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 Subsidiary Agreements or any of its provisions.

3. The Recipient shall cause the Participating Banks to provide sufficient information to potential Beneficiaries regarding the proposed Sub-loans.

4. The Recipient shall ensure that the aggregate amount of Sub-loans that any individual Beneficiary or group of connected Beneficiaries provided by one or more Participating Bank out of the proceeds of the Financing shall not exceed three million US Dollars (US\$3,000,000) equivalent.

#### **C. Anti-Corruption**

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

#### **D. Sub-projects**

1. The Recipient shall cause the respective Participating Bank to make Sub-loans to Beneficiaries in accordance with eligibility criteria and procedures acceptable to the Association, as set forth in the Operations Manual.

2. For the purposes of carrying out Part B of the Project, the Recipient shall cause each Participating Bank to: (a) make each Sub-loan under a Sub-loan Agreement with the respective Beneficiary on terms and conditions satisfactory to the Association as set forth in the Operations Manual, including, without limitation, the terms and conditions set forth in the Schedule to the Project Agreement; (b) exercise its rights under each Sub-loan Agreement in such manner as to accomplish the purposes of the Project and to protect its interests and those of the Recipient and the Association, including the right to: (i) suspend or terminate the right of the Beneficiary to use the proceeds of the Sub-loan, or declare to be immediately due and payable all or any part of the amount of the Sub-loan then withdrawn, upon the Beneficiary's failure to perform any of its obligations under the Sub-loan Agreement; and (ii) require each Beneficiary to: (A) carry out its Sub-project with due diligence and efficiency and in accordance with sound technical, economic, financial, managerial, environmental and social standards and practices satisfactory to the Association, including in accordance with the provisions of the Anti-



Corruption Guidelines applicable to recipients of financing proceeds other than the Recipient; (B) provide, promptly as needed, the resources required for the Sub-project; (C) procure the goods and works to be financed out of the Sub-loan in accordance with the provisions of this Agreement; (D) maintain policies and procedures adequate to enable it to monitor and evaluate in accordance with indicators acceptable to the Association, the progress of the Sub-project and the achievement of its objectives; (E) (1) maintain a financial management system and prepare financial statements in accordance with consistently applied accounting standards both in a manner adequate to reflect the operations, resources and expenditures related to the Sub-project as set forth in the Operations Manual; and (2) have such financial statements audited by independent auditors as set forth in the Operations Manual, in accordance with consistently applied auditing standards as set forth in the Operations Manual, and promptly furnish the statements as so audited to the respective Participating Bank and the Recipient; (F) enable the respective Participating Bank, the Recipient and the Association to inspect the Sub-project, its operation and any relevant records and documents; and (G) prepare and furnish to the respective Participating Bank, the Recipient and the Association all such information as the respective Participating Bank, the Recipient or the Association shall reasonably request relating to the foregoing; (c) appraise Sub-projects and supervise, monitor and report on the carrying out thereof by the Beneficiaries, in accordance with the Operations Manual; (d) ensure that each Sub-project shall comply with environmental and social safeguard review procedures set forth in the Operations Manual, as well as with the Environmental Assessment Framework; and (e) include in the Sub-loan Agreement that the Sub-project shall not involve any involuntary resettlement or land acquisition.

3. Except as the Association shall otherwise agree, the respective Participating Bank shall not assign, amend, abrogate or waive any Sub-loan Agreement or any of its provisions.

#### **E. Safeguards**

1. The Recipient shall cause the Participating Bank to: (i) take all necessary measures to implement the Project in accordance with the Operations Manual, the Environmental Assessment Framework and the EMPs, and shall not amend, suspend, abrogate, repeal or waive any provisions of the Operations Manual, the Environmental Assessment Framework and the EMPs, without prior approval of the Association; (ii) ensure that no Sub-project shall involve any involuntary resettlement or land acquisition; and (iii) ensure that adequate information on the implementation of the Environmental Assessment Framework and the EMPs is suitably included in the Project Reports referred to in Section II.A of this Schedule.

2. The Recipient shall ensure that the Participating Bank shall not finance any Sub-project with a Sub-loan unless: (i) the Sub-project has been screened and approved by the Participating Bank in accordance with the provisions of the Operations Manual and the Environmental Assessment Framework; and (ii) as the case may be, the Sub-project has been subjected to an environmental analysis and its environmental impacts have been

addressed in a manner satisfactory to the Participating Bank in accordance with the provisions of the Operations Manual and the Environmental Assessment Framework.

**Section II. Project Monitoring, Reporting and Evaluation**

**A. Project Reports**

1. The Recipient shall monitor and evaluate the progress of the Project and prepare Project Reports in accordance with the provisions of Section 4.08 of the General Conditions and on the basis of the indicators agreed with the Association. Each Project Report shall cover the period of one calendar semester, and shall be furnished to the Association not later than one month after the end of the period covered by such report.

2. For purposes of Section 4.08 (c) of the General Conditions, the report on the execution of the Project and related plan required pursuant to that Section shall be furnished to the Association not later than six (6) months after the Closing Date.

**B. Financial Management, Financial Reports and Audits**

1. The Recipient shall, through MoE, maintain or cause to be maintained a financial management system in accordance with the provisions of Section 4.09 of the General Conditions.

2. Without limitation on the provisions of Part A of this Section, the Recipient shall, through MoE, prepare and furnish to the Association 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 Association.

3. The Recipient shall, through MoE, have the Project consolidated Financial Statements audited in accordance with the provisions of Section 4.09 (b) of the General Conditions. Each audit of the consolidated Financial Statements shall cover the period of one fiscal year of the Recipient. The audited consolidated Financial Statements for each such period shall be furnished to the Association not later than six months after the end of such period.

**Section III. Procurement**

**A. General**

1. **Goods and Works.** All goods and works required for the Project and to be financed out of the proceeds of the Financing 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 Financing 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 Association of particular contracts, refer to the corresponding method described in the Procurement Guidelines or Consultant Guidelines, as the case may be.

**B. Particular Methods of Procurement of Goods and Works**

1. **International Competitive Bidding.** Except as otherwise provided in paragraph 2 below, goods and works to be procured under contracts costing not less than \$2,000,000 per contract irrespective of the co-financing share thereof under Sub-projects shall be awarded on the basis of International Competitive Bidding.

2. **Other Methods of Procurement of Goods and Works.** The following table specifies the methods of procurement, other than International Competitive Bidding, which may be used for goods and works. The Procurement Plan shall specify the circumstances under which such methods may be used:

<b>Procurement Method</b>
(a) Shopping
(b) Established Private Sector or Commercial Practices consistent with paragraph 3.12 of the Procurement Guidelines, as set forth in the Operations Manual to be used under Part B of the Project

**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 table specifies methods of procurement, other than Quality and Cost-based Selection, which may be used for consultants' services. The Procurement Plan shall specify the circumstances under which such methods may be used.

<b>Procurement Method</b>
(a) Selection Based on Consultant's Qualifications
(b) Least Cost Selection
(c) Single-source Selection
(d) Selection of Individual Consultants

**D. Review by the Association of Procurement Decisions**

1. For the purpose of Part A of the Project, pursuant to the Procurement Plan, all contracts under Part A of the Project shall be subject to Prior Review by the Association.
2. For the purpose of Part B of the Project and except as the Association shall otherwise determine by notice to the Recipient, (a) each contract for goods, works or services financed out of the proceeds of the first two Sub-loans for the proposed first two (2) Sub-projects for each Participating Bank under Part B of the Project; and (b) each contract for goods, works or services financed under Part B of the Project to be procured on the basis of International Competitive Bidding, shall be subject to Prior Review by the Association. All other contracts shall be subject to Post Review by the Association.

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

**A. General**

1. The Recipient may withdraw the proceeds of the Financing in accordance with the provisions of Article II of the General Conditions, this Section, and such additional instructions as the Association shall specify by notice to the Recipient (including the "World Bank Disbursement Guidelines for Projects" dated May 2006, as revised from time to time by the Association 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 Financing ("Category"), the allocations of the amounts of the Financing to each Category, and the percentage of expenditures to be financed for Eligible Expenditures in each Category:

<b>Category</b>	<b>Amount of the Financing Allocated (expressed in SDR)</b>	<b>Percentage of Expenditures to be Financed (inclusive of Taxes)</b>
(1) Goods, consultants' services, Training and Incremental Operating Costs for Part A of the Project	700,000	100%
(2) Sub-loan for Sub-projects under the Project	15,800,000	80%
<b>TOTAL AMOUNT</b>	<b><u>16,500,000</u></b>	

**B. Withdrawal Conditions; Withdrawal Period**

1. Notwithstanding the provisions of Part A of this Section, no withdrawal shall be made for: (a) payments made prior to the date of this Agreement; or (b) under Category (1) unless and until the Recipient has submitted to the Association, evidence satisfactory to the Association that financial management arrangements acceptable to the Association have been established, including staffing, budgeting, accounting, reporting, and internal control procedures for the purpose of carrying out Part A of the Project.

2. The Closing Date is January 31, 2016.

**Section V. Other Undertakings**

A. The Recipient shall ensure that each Participating Bank shall remain in full compliance with all prudential norms and regulations of the Central Bank of the Recipient set forth in the "Regulation on Capital Adequacy of Commercial Banks" registered by the Ministry of Justice under No. 949 on 25.07.2000; the "Procedures for Categorization of Asset Quality, Formation and Use of Provisions Established by the Commercial Banks to Cover Possible Related Losses" registered by the Ministry of Justice under No. 632 on 11.02.1999; the "Regulation on Requirements to Commercial Banks' Liquidity Management" registered by the Ministry of Justice under No. 412 on 02.11.1998; the "Regulation on Maximum Exposure to One Borrower or a Group of Interconnected Borrowers" registered by the Ministry of Justice under No. 422 on 02.11.1998; and the "Regulation on Transactions Between Banks and Related Persons" registered by the Ministry of Justice under No. 423 on 02.11.1998; and in particular as regards to: (1) capital adequacy; (2) asset quality; (3) management and governance; (4) liquidity; and (5) profitability and efficiency.

B. 1. Unless otherwise agreed with the Association, the Recipient shall ensure that the Participating Banks shall maintain compliance with the following criteria: (a) the net loans-to-total deposits shall be below 200%; (b) maintaining a positive return on the assets; (c) the non-performing loans shall be below 10 percent of gross loans excluding state guaranteed loans; and (d) the non-performing Sub-loans under the Project shall be below 10 percent or less than 3 Sub-loans.

2. For purposes of paragraph B.1 above:

(a) the term “net loans” means total volume of loan exposure minus provisions to cover possible losses;

(b) the term “total deposits” means total volume of all deposits of the customers including the state organizations, social organizations, legal entities and individuals;

(c) the term “return on assets” means ratio of net profit to average weighted balance of assets;

(d) the term “non-performing loans” means impaired loans according to IFRS minus loan impairment provisions; and

(e) the term “state guaranteed loans” means loans provided under the guarantee of the Republic of Uzbekistan.

C. The Recipient shall promptly inform the Association of any adverse change in the conditions of any of the Participating Banks from that prevailing as of the date of this Agreement so as to materially and adversely affect the ability of the Participating Bank to perform any of its obligations under the respective Project Agreement, or to repay the Subsidiary Financing pursuant to the terms of the Subsidiary Agreement.

**SCHEDULE 3**  
**Repayment Schedule**

<b>Date Payment Due</b>	<b>Principal Amount of the Credit repayable (expressed as a percentage)*</b>
On each February 15 and August 15:	
commencing August 15, 2020 to and including February 15, 2030	1.25%
commencing August 15, 2030 to and including February 15, 2045	2.5%

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\* The percentages represent the percentage of the principal amount of the Credit to be repaid, except as the Association may otherwise specify pursuant to Section 3.03 (b) of the General Conditions.

## APPENDIX

### **Section I. Definitions**

1. “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.
2. “ASAKA Bank” means the State Joint-Stock Commercial Bank “ASAKA” (Joint-Stock Company) duly established by virtue of the Resolution of the Cabinet of Ministers of the Republic of Uzbekistan No. 424 dated November 11, 1995, and duly operating in the Republic of Uzbekistan by virtue of the Charter approved by the Minutes No. 1 dated June 16, 2006 of the General Meeting of Shareholders and registered by the Central Bank of the Republic of Uzbekistan on February 20, 2007 under registration No. 53; License No. 53 for carrying out banking operations issued by the Central Bank of Uzbekistan on December 27, 2008; and the General License No. 38 for effecting banking operations in foreign currency issued by the Central Bank of the Republic of Uzbekistan on December 27, 2008 (collectively referred to as “ASAKA Bank Legislation”), or any successor thereto.
3. “Beneficiary” means an industrial enterprise duly established and operating in the Republic of Uzbekistan which has met the eligibility criteria specified in the Operations Manual, and to which or for whose benefit a Sub-loan is made or proposed to be made; and the term “Beneficiaries” means, collectively, all such Beneficiaries.
4. “Category” means a category set forth in the table in Section IV of Schedule 2 to this Agreement.
5. “Category A Subproject” means a Sub-project which requires a full environmental impact assessment pursuant to the provisions of the Operations Manual.
6. “Consultant Guidelines” means the “Guidelines: Selection and Employment of Consultants by World Bank Borrowers” published by the Bank in May 2004 and revised in October 2006.
7. “EMP(s)” means the environmental management plan(s) to be prepared by a Beneficiary in accordance with the Environmental Assessment Framework, to define: (i) the measures to eliminate, mitigate or offset any adverse environmental impacts of its Sub-project; and (ii) the actions needed to implement such measures.



8. “Environmental Assessment Framework” means the environmental assessment framework prepared and adopted by the Recipient for the purposes of the Project on April 23, 2010, describing: (i) the procedures, principles and guidelines to screen all Sub-projects proposed for financing under the Project; and (ii) in case such screening shall reveal that a Sub-project may have any negative environmental impact, the procedures, principles and guidelines which shall be complied with in order to prepare an environmental assessment and to address the environmental impacts of such Sub-project through mitigation measures and/or an EMP, as appropriate.
9. “General Conditions” means the “International Development Association General Conditions for Credits and Grants”, dated July 1, 2005 (as amended through October 15, 2006), with the modifications set forth in Section II of this Appendix.
10. “HAMKORBANK” means the “HAMKORBANK” Open Joint Stock Commercial Bank, duly established by virtue of the Constitutive Agreement dated January 14, 1991, and operating in the Republic of Uzbekistan by virtue of the Charter approved by the Minutes dated July 30, 2008 of the General Meeting of Shareholders and registered by the Central Bank of the Republic of Uzbekistan on August 21, 2008 under Registration No. 64; License No. 64 for carrying out banking operations issued by the Central Bank of the Republic of Uzbekistan on December 24, 2007, and the General License No. 33 for carrying out banking operations in foreign currency issued by the Central Bank of the Republic of Uzbekistan on December 24, 2007 (collectively referred to as “HAMKORBANK Legislation”), or any successor thereto.
11. “Incremental Operating Costs” means the expenditures incurred by the PCU for the purpose of Project implementation on account of PCU support staff salaries, office supplies, office equipment maintenance and repair, rental of vehicles, rental of conference facilities for training, communication services and translation services, other miscellaneous costs directly associated with the Project implementation, all based on periodic budgets acceptable to the Association.
12. “MoE” means the Ministry of Economy of the Recipient or any successor thereto.
13. “MoF” means the Ministry of Finance of the Recipient or any successor thereto.
14. “Operations Manual” means the Project operations manual adopted by the Recipient acceptable to the Association setting forth: (a) the eligibility criteria and the operational and administrative procedures in respect of the preparation, processing, financing implementation and supervision of Sub-projects; (b) the model form of the Sub-loan Agreement(s); and (c) the financial management,

procurement, disbursement, environmental management, monitoring and evaluation, and reporting arrangements for the Project.

15. “Participating Banks” means collectively: (a) the ASAKA Bank; (b) the HAMKORBANK; and (c) the UZPROMSTROYBANK, and “Participating Bank” means individually any one of these banks.
16. “Participating Bank’s Legislation” means the legislation governing the establishment and operation of the Participating Banks, namely: (a) ASAKA Bank Legislation with regard to ASAKA Bank; (b) HAMKORBANK Legislation with regard to HAMKORBANK; and (c) UZPROMSTROYBANK Legislation with regard to UZPROMSTROYBANK.
17. “PCU” means the Project Coordination Unit to be established by the Recipient within MoE for the purposes of the management of Part A of the Project and overall Project coordination as referred to in Section I.A.3 of Schedule 2 to this Agreement.
18. “PIU” means the Project Implementation Unit established within each Participating Bank for the purposes of the coordination and implementation of Part B of the Project and referred to in Section I.A.4 of Schedule 2 to this Agreement.
19. “Procurement Guidelines” means the “Guidelines: Procurement under IBRD Loans and IDA Credits” published by the Bank in May 2004 and revised in October, 2006.
20. “Procurement Plan” means the Recipient’s procurement plan for the Project, dated April 23, 2010 and referred to in paragraph 1.16 of the Procurement Guidelines and paragraph 1.24 of the Consultant Guidelines, as the same shall be updated from time to time in accordance with the provisions of said paragraphs.
21. “Project Agreement(s)” means the agreement(s) between the Association and each Participating Bank of even date herewith, as the same may be amended from time to time; and such terms include all schedules and agreements supplemental to the respective Project Agreement.
22. “Soum” means the national currency of the Recipient.
23. “Sub-financing” means part of the proceeds of the Financing made available to each Participating Bank pursuant to the terms and conditions of the respective Subsidiary Agreement.
24. “Sub-loan” means a loan made or proposed to be made by a Participating Bank to a Beneficiary for the purpose of financing the expenditures incurred for goods,

works and services for carrying out a Sub-project; and the term “Sub-loans” means, collectively, all such Sub-loans.

25. “Sub-loan Agreement” means the agreement to be entered into between a Participating Bank and a Beneficiary for purposes of providing a Sub-loan pursuant to Section I.D of Schedule 2 to this Agreement, paragraph C.3 (b) of Section I of the Schedule to the Project Agreement, as the same may be amended from time to time with the prior agreement of the Association; and “Sub-loan Agreements” means, collectively, all of said Sub-loan Agreements.
26. “Sub-project” means an industrial energy efficiency investment to be carried out under the Project, and eligible for financing under a Sub-loan in accordance with the procedures and eligibility criteria referred to in Section I.D of Schedule 2 to this Agreement and paragraph C.3 of Section I of the Schedule to the Project Agreement as set forth in the Operations Manual; and the term “Sub-projects” means, collectively, all such Sub-projects.
27. “Subsidiary Agreement” means the agreement referred to in Section I.B of Schedule 2 to this Agreement pursuant to which the Recipient shall make part of the proceeds of the Financing available to each Participating Bank.
28. “Training” means expenditures, as approved by the Association, on the basis of budgets and plans prepared by the PCU, and revised annually, satisfactory to the Association, and incurred in connection with Project-related training, workshops, seminars, conferences, and study tours, including travel costs and per-diem allowances for the trainees and the trainers, and other training-related activities and expenditures as may be agreed with the Association from time to time.
29. “UZPROMSTROYBANK” means the “Uzbek Industrial and Construction Bank” Open Joint-Stock Commercial Bank duly established by virtue of the Constitutive Agreement dated April 23, 1991, and duly operating in the Republic of Uzbekistan by virtue of the Charter approved by the Minutes No. 22 dated April 24, 2009 of the General Meeting of Shareholders and registered by the Central Bank of the Republic of Uzbekistan on June 9, 2009 under registration No. 17; License No. 17 for carrying out banking operations issued by the Central Bank of the Republic of Uzbekistan on June 27, 2009, and the General License #47 for carrying out banking operations in foreign currency issued by the Central Bank of the Republic of Uzbekistan on June 27, 2009 (collectively referred to as “UZPROMSTROYBANK Legislation”), or any successor thereto.

## **Section II. Modifications to the General Conditions**

The modifications to the General Conditions for Credits and Grants of the Association, dated July 1, 2005 (as amended through October 15, 2006) are as follows:

1. Section 2.07 is modified to read as follows:

“Section 2.07. *Refinancing Preparation Advance*

If the Financing Agreement provides for the repayment out of the proceeds of the Financing of an advance made by the Association or the Bank (“Preparation Advance”), the Association shall, on behalf of the Recipient, withdraw from the Financing Account on or after the Effective Date the amount required to repay the withdrawn and outstanding balance of the advance as at the date of such withdrawal from the Financing Account and to pay all accrued and unpaid charges, if any, on the advance as at such date. The Association shall pay the amount so withdrawn to itself or the Bank, as the case may be, and shall cancel the remaining unwithdrawn amount of the advance.”

2. Paragraph (i) of Section 6.02 is modified to read as follows:

“Section 6.02. *Suspension by the Association*

... (1) *Ineligibility*. The Association or the Bank has declared the Project Implementing Entity ineligible to receive proceeds of any financing made by the Association or the Bank or otherwise to participate in the preparation or implementation of any project financed in whole or in part by the Association or the Bank, as a result of a determination by the Association or the Bank that the Project Implementing Entity has engaged in fraudulent, corrupt, coercive or collusive practices in connection with the use of the proceeds of any financing made by the Association or the Bank.”

3. The following terms and definitions set forth in the Appendix are modified or deleted as follows, and the following new terms and definitions are added in alphabetical order to the Appendix as follows, with the terms being renumbered accordingly:

- (a) The term “Project Preparation Advance” is modified to read “Preparation Advance” and its definition is modified to read as follows:

“‘Preparation Advance’ means the advance referred to in the Financing Agreement and repayable in accordance with Section 2.07.”