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Report No: PAD5081

INTERNATIONAL DEVELOPMENT ASSOCIATION

PROGRAM PAPER

ON A

PROPOSED ADDITIONAL GRANT

IN THE AMOUNT OF SDR 59.5 MILLION
(US\$80 MILLION EQUIVALENT)

TO THE

REPUBLIC OF TAJIKISTAN

FOR

Additional Financing to Power Utility Financial Recovery Project

June 6, 2022

Energy & Extractives Global Practice
Europe And Central Asia Region

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CURRENCY EQUIVALENTS

(Exchange Rate Effective as of May 31, 2022)

Currency Unit = Tajiki somoni

TJS 11.4 = US\$1

US\$1.35 = SDR 1

FISCAL YEAR

January 1 - December 31

Regional Vice President: Anna Bjerde

Country Director: Tatiana Proskuryakova

Regional Director: Charles Joseph Cormier

Practice Manager: Sudeshna Ghosh Banerjee

Task Team Leader: Artur Kochnakyan



ABBREVIATIONS AND ACRONYMS

ACG	Anti-Corruption Guidelines
ADB	Asian Development Bank
AIIB	Asian Infrastructure Investment Bank
AMS	Anti-Monopoly Service under the Government of the Republic of Tajikistan
AMI	Advanced Metering Infrastructure
ASFCCC	Agency for State Financial Control and Combating Corruption
BAU	Business as Usual
BT	Barqi Tojik Open Joint Stock Holding Company
CAPS	Central Asian Power System
CASA-1000	Central Asia South Asia Electricity Transmission and Trade Project
CEP	Committee on Environmental Protection
CHP	Combined Heat and Power Plant
CPF	Country Partnership Framework
DLI	Disbursement Linked Indicator
DLR	Disbursement Linked Results
DSCR	Debt Service Coverage Ratio
EBITDA	Earnings Before interest, Taxes, Depreciation and Amortization
EBRD	European Bank for Reconstruction and Development
EIA	Environmental Impact Assessment
ESPMU	Energy Sector Project Management Unit
ESSA	Environmental and Social Systems Assessment
EU	European Union
FHH	Female Headed Household
FSA	Fiduciary Systems Assessment
GBAO	Gorno-Badakhshan Autonomous Oblast
GDP	Gross Domestic Product
GEP	Generation Expansion Plan
GHG	Greenhouse Gases
GRM	Grievance Redress Mechanism
GWh	Gigawatt-hours
HPP	Hydropower Plant
IAS	International Accounting Standards
IDA	International Development Association
IFIs	International Financial Institutions
IFRS	International Financial Reporting Standards
ILO	International Labor Organization
INTOSAI	International Organization of Supreme Audit Institutions
IPPs	Independent Power Producers
IPSAS	International Public-Sector Accounting Standards
ISA	International Standards on Auditing
ISDB	Islamic Development Bank
IVA	Independent Verification Agent



KfW	Kreditanstalt für Wiederaufbau
kWh	Kilowatt-hour
MEWR	Ministry of Energy and Water Resources
MOHSP	Ministry of Health and Social Protection
MOF	Ministry of Finance of the Republic of Tajikistan
MW	Megawatt
NDC	Nationally Determined Contribution
OJSC	Open Joint Stock Company
O&M	Operation and Maintenance
PforR	Program-for-Results
PAP	Project Action Plan
PDO	Program Development Objectives
PEC	Pamir Energy Company
PPA	Power Purchase Agreement
PPL	Public Procurement Law
QCBS	Quality and Cost Based Selection
RE	Renewable Energy
SB	Supervisory Board
SECO	Swiss Secretariat for Economic Affairs
SIB	Shabakahoi Intiqoli Barq JSC
SOE	State Owned Enterprise
STB	Shabakahoi Taqsimoti Barq JSC
TJS	Tajik Somoni
T&D	Transmission and Distribution
TSA	Targeted Social Assistance
USAID	United States Agency for International Development



BASIC INFORMATION – PARENT (Tajikistan Power Utility Financial Recovery - P168211)

Country	Product Line	Team Leader(s)	
Tajikistan	IBRD/IDA	Artur Kochnakyan	
Project ID	Financing Instrument	Does this operation have an IPF component?	Practice Area (Lead)
P168211	Program-for-Results Financing	No	Energy & Extractives
Implementing Agency: Barqi Tojik, Ministry of Energy and Water Resources			
Is this a regionally tagged project?		Bank/IFC Collaboration	
No		No	
Original Approval Date	Effectiveness Date	Closing Date	
25-Feb-2020	01-Jul-2020	30-Aug-2026	

Program Development Objective(s)

The program development objectives are to improve the financial viability, increase the reliability of electricity supply, and strengthen the governance of BT.

Ratings (from Parent ISR)

	Implementation	Latest ISR
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	22-Jun-2020	25-Feb-2021	09-Feb-2022
Progress towards achievement of PDO	S	MS	MS
Overall Implementation Progress (IP)	S	S	MS
Overall Risk	S	S	S
Technical	S	S	S
Fiduciary Systems	S	S	S
E&S Systems	S	S	S
Disbursement Linked Indicators (DLI)	S	S	MU
Monitoring and Evaluation	S	S	S

BASIC INFORMATION – ADDITIONAL FINANCING (Additional Financing to Power Utility Financial Recovery Project - P177563)

Project ID	Project Name	Additional Financing Type	
P177563	Additional Financing to Power Utility Financial Recovery Project	Restructuring, Financing Gap	
Financing instrument	Product line	Approval Date	Will there be additional financing for the IPF component?
Program-for-Results Financing	IBRD/IDA	27-Jun-2022	No
Projected Date of Full Disbursement	Bank/IFC Collaboration		
30-Nov-2032	No		

Is this a regionally tagged project?

No

Disbursement Summary (from Parent ISR)



Source of Funds	Net Commitments	Total Disbursed	Remaining Balance	Disbursed
IBRD				%
IDA	134.00	62.69	72.47	46 %
Grants				%

PROGRAM FINANCING DATA – ADDITIONAL FINANCING (Additional Financing to Power Utility Financial Recovery Project - P177563)

FINANCING DATA (US\$, Millions)

SUMMARY (Total Financing)

	Current Financing	Proposed Additional Financing	Total Proposed Financing
Government program Cost	1508.59	1024.14	2532.73
Total Operation Cost	479.10	0.00	479.10
Total Program Cost	479.10	0.00	479.10
Total Financing	439.10	479.10	479.10
Financing Gap	40.00	0	0.00

DETAILS – Additional Financing

Counterpart Funding	409.00
Borrower/Recipient	409.00
International Development Association (IDA)	80.00
IDA Grant	80.00

IDA Resources (in US\$, Millions)

	Credit Amount	Grant Amount	Total Amount
Tajikistan	0.00	80.00	80.00
National PBA	0.00	80.00	80.00
Total	0.00	80.00	80.00



COMPLIANCE

Policy

Has the parent Program been under implementation for at least 12 months?

Yes

Have the DO and IP ratings for the parent Program been rated moderately satisfactory or better for at least the last 12 months?

Yes

Does the program depart from the CPF in content or in other significant respects?

No

Does the Program require any waivers from Bank policies?

No

INSTITUTIONAL DATA

Practice Area (Lead)

Energy & Extractives

Contributing Practice Areas

Climate Change and Disaster Screening

This operation has been screened for short and long-term climate change and disaster risks

Name	Recurrent	Due Date	Frequency
Conversion into equity of BT's fines and penalties to MOF for overdue debt service		Sep. 30, 2022	Due Date
Description of Covenant			
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.			
Name	Recurrent	Due Date	Frequency



Long-term debt service coverage	X		Continuous
Description of Covenant			
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.			

Conditions

Source of Fund	Name	Type
IDA	BT Subsidiary Agreement	Effectiveness
Description of Condition		
The Subsidiary Agreement has been revised and executed on behalf of the Recipient and BT in a manner acceptable to the Association		
Source of Fund	Name	Type
IDA	Implementation Agreements	Effectiveness
Description of Condition		
SIB and STB have each entered into an Implementation Agreement with the Recipient, through MoF and MEWR, and BT satisfactory to the Association		

TASK TEAM

Bank Staff

Name	Role	Specialization	Unit
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Garik Sergeyan	Financial Management Specialist (ADM Responsible)	Financial management	EECG1
John Bryant Collier	Environmental Specialist (ADM Responsible)	Environmental	SCAEN
Suryanarayana Satish	Social Specialist (ADM Responsible)	Social	SCASO
Audrey Sacks	Team Member	Gender	SCASO
Dilip Kumar Prusty Chinari	Team Member	Disbursements	WFACS
Dung Kim Le	Team Member	Operational support	IECE1
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Manuel Jose Millan Sanchez	Team Member	Technical	IECE1
Natalia Manuilova	Team Member	Governance	EECG1
Niso Bazidova	Team Member	Financial	EECG1
Oleksiy A. Sluchynskyy	Team Member	Social protection	HMNSP
Prachi Shrikant Tadsare	Team Member	Legal analyst	LEGOP
Ruxandra Costache	Counsel	Senior counsel	LEGLE
William Hutchins Seitz	Team Member	Poverty analysis	EECPV
Extended Team			
Name	Title	Organization	Location



Tajikistan

Additional Financing to Power Utility Financial Recovery Project

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I. INTRODUCTION

1. This Program Paper seeks the approval of the Executive Directors to provide an additional grant in an amount of US\$80 million to the Republic of Tajikistan under the Power Utility Financial Recovery Program-for-Results (PforR) (P168211, Grant No. D558-TJ). The original grant, in the amount of US\$134 million, was approved on February 25, 2020 and became effective on July 1, 2020. The project was restructured twice, in August 2020 and March 2021, to allow additional time to achieve specific dated Disbursement Linked Results (DLR) targets and to disaggregate one compound DLR into its component parts. The project closing date has remained the same, August 30, 2026. The disbursement rate is 46 percent.
2. The proposed additional financing (AF) would help to cover the shortfall in counterpart financing of the Program due to external and unanticipated shocks including the COVID-19 pandemic, political and economic developments in Afghanistan (a major importer of electricity produced by Tajikistan), and the war in Ukraine. The proposed AF would expand the boundaries of the Program to achieve new results (with new Disbursement Linked Indicators (DLIs)) related to the efficiency of electricity sector expenditures and the transparency and predictability of cash flows in the sector. These new measures are based on an updated Government program.
3. This Program Paper additionally seeks approval to restructure the parent project. The project development objective (PDO), which includes reference to the power utility company, Barqi Tojik (BT), is proposed to be revised to reflect the unbundling of the company into separate and legally independent electricity generation, transmission, and distribution companies. Some results indicators also need to be modified to reflect the unbundling. The project closing date is proposed to be extended to August 31, 2032, to: (a) match the duration of the revised Government program and capture the impact of additional measures being implemented under the Program, and (b) extend the deadline to achieve targets for some indicators based on the revised closing date.
4. If the AF and an extension of the closing date are approved, it is expected that the key outcomes of the Program - strengthened financial viability and improved governance of the electricity sector, and increased reliability of electricity supply can still be achieved.

II. BACKGROUND AND RATIONALE FOR ADDITIONAL FINANCING

A. Electricity Sector Background

5. **The electricity sector in Tajikistan is comprised of two state-owned electricity generation companies, two independent power producers, electricity transmission and distribution companies, and a concession in Gorno-Badakhshan Autonomous Oblast (GBAO) combining electricity generation and distribution.** At the time of the parent project, Barqi Tojik Open Joint Stock Holding Company (BT) was a vertically integrated company responsible for electricity generation, transmission, and distribution. The Government has since unbundled BT into separate electricity generation, transmission, and distribution companies. Currently, BT is the largest state-owned generation company which owns and operates all utility-scale generation plants in the country, except for GBAO, and is the electricity market operator. Rogun Joint Stock Company (JSC) is the second state-owned generation company responsible for construction and operation of the 3,780 MW Rogun Hydro Power Plant (HPP). The two Independent Power Producers (IPPs), Sangtuda-1 and Sangtuda-2 HPPs, were commissioned in 2006 and 2011 respectively to help the country address the issue of electricity supply shortages. Both IPPs have 20-year Power Purchase Agreements (PPAs) with BT. In June 2019, as part of the



unbundling of BT, the Government established a new state-owned electricity transmission company, Shabakahoi Intiqoli Barq (SIB) Open Joint-Stock Company (OJSC) and a state-owned electricity distribution company, Shabakahoi Taqsimoti Barq (STB) OJSC. Pamir Energy Company (PEC) generates and supplies electricity to consumers in GBAO under a 25-year concession agreement, which expires in 2027.

6. In recognition of the importance of the electricity sector, and BT in particular, for social and economic development in the country, the Government initiated a Program for Financial Recovery of Barqi Tojik Open Joint Stock Holding Company for 2019-2025. This program of US\$1.5 billion was projected to be financed through BT's additional cash flows and cost savings resulting from the implementation of operational and financial efficiency improvements; support from the Asian Development Bank (ADB) for metering and billing in seven large cities (accounting for about 55 percent of total annual electricity consumption); and financing from the World Bank. The Government program covers the entire value chain of the power sector and includes the unbundling of the sector into legally independent electricity generation, transmission, and distribution companies.

7. In support of the Government program, the World Bank approved the Power Utility Financial Recovery Program-for-Results (PforR) for US\$134 million in FY20 (the parent project). The objectives of the PforR are to improve the financial viability, increase the reliability of electricity supply, and strengthen the governance of BT. To improve financial viability, the project supports results in the areas of increased tariffs, reduced cash deficits, and reduced debt. To increase the reliability of electricity supply, the project supports results related to the operationalization of the Sangtuda 1 HPP, reduction of equipment failures in transmission and distribution (T&D), and aligning of investments in the sector with updated plans. With regard to the governance of BT, the project supports the establishment of functional Supervisory Boards (SBs) and formation of specialized committees, and the publication of key operational data and un-audited financial statements.

8. Since the PforR became effective in July 2020, a number of factors have affected the electricity sector in Tajikistan. The COVID-19 pandemic and the conflict in Ukraine had significant macroeconomic impacts that led to larger-than-projected depreciation of the local currency Tajiki somoni (TJS), which in turn increased the costs of electricity purchases from IPPs and the debt service costs of BT. The economic impacts of COVID also meant that tariffs could not be raised for two years in a row, leading to lower-than-expected revenues from domestic electricity sales. The political and economic situation in Afghanistan led to delayed payments for electricity exported by Tajikistan. And unfavorable hydrology led to lower electricity generation from existing HPPs, resulting in a lower volume of exports. All these external factors had a significant negative impact on the financial viability of BT.

9. The financial viability of the electricity sector remains a top priority for the Government because the sector will continue to play a major role as an important pillar of an export-oriented economy. Electricity is not only a service essential for social development and economic activity in the country but also an important building block of the Government's objectives to develop an export-oriented economy consistent with the National Development Strategy 2030. This AF is proposed in light of the unforeseen setbacks that the power sector has faced in the last two years. The funds are considered necessary to ensure that important reforms that have been initiated, and that are still considered a priority by the government, can continue to be pursued, and to enable BT and its related (unbundled) entities to achieve the financial viability that is critical for sustainable and reliable electricity generation and distribution for the development of the country.



B. Implementation Progress of the Parent Project

10. The PforR's objectives are to improve the financial viability, increase the reliability of electricity supply, and strengthen the governance of BT. The project's rating for progress towards the achievement of the PDOs is Moderately Satisfactory as the external shocks described above have impacted the financial standing of BT and will delay the achievement of key results indicators beyond the current closing date. Implementation progress is rated Moderately Satisfactory due to delays in the implementation of certain activities, which delayed the achievement of some Disbursement Linked Indicators (DLIs) within the timeframes stipulated. Despite the implementation difficulties, the following have been achieved:

a. Progress towards the financial viability of BT.

- i. BT's debt of about TJS 5 billion to the Ministry of Finance (MOF) was converted into BT's equity through the revision of the Group 1 Subsidiary Agreements between BT¹ and MOF. The outstanding balance of loans under these subsidiary agreements and the associated fines and penalties for overdue debt service were converted into BT's equity. For the remaining loans, revisions to the Subsidiary Agreements have been finalized, the debt amounts have been reconciled, and the amendments are expected to be signed by September 30, 2022.
- ii. The BT Supervisory Board adopted a decision prohibiting BT from borrowing from MOF unless the terms of such financing are aligned with the terms reflected in the legal agreements with respective financiers. It should also be noted that BT did not take on any new commercial loans during this period to ensure compliance with the DLI on reduction of cash deficits.

b. Progress toward increasing the reliability of electricity supply.

- i. Electricity from Sangtuda-1 IPP has been purchased and timely agreed-upon payments made. These purchases are important for ensuring the adequacy and reliability of electricity supply given that this power plant accounts for about 10 percent of total electricity generation in the country.

c. Progress towards strengthened governance of BT

- i. BT has been successfully unbundled and a new transmission company (SIB) and a new distribution company (STB) were established. Supervisory Boards and Audit Committees have been introduced at both SIB and STB to improve the efficiency of corporate governance and ensure that the companies are managed in accordance with good-practice corporate guidelines.
- ii. The transparency of the electricity sector has improved through timely publication of key operational and financial data.

C. Status of the Program Action Plan

11. The implementation of the Program Action Plan (PAP) has been adequate albeit with delays caused primarily by COVID-19. Unavailability of key staff and other COVID-related restrictions slowed down the overall pace of reforms and delayed certain activities, but implementation has accelerated since early 2022. The status of activities is summarized below (see Annex 2 for details).

- a. **Regulatory:** Hiring of the staff for the Tariff Unit of the Anti-Monopoly Service under the Government of the Republic of Tajikistan (AMS) was delayed due to the specialized nature of the experts required

¹ As part of the sector restructuring, all sovereign-guaranteed debts remained on the balance sheet of BT.



and the difficulty of securing qualified candidates. It is now underway and expected to be completed by September 30, 2022.

- b. **Financial management:** Elements of good-practice corporate governance were introduced; the Government is in the final stages of completing the revision of all pending Subsidiary Agreements between MOF and BT; and the internal audit function at BT, SIB, and STB has improved with the need to strengthen it further; and financial management staff at the companies underwent a series of training which continue throughout the implementation of the Program.
- c. **Environmental:** BT, SIB, and STB adopted corporate-level environmental policies; the key personnel underwent training on evaluation of environmental and social aspects of rehabilitation and new investment projects; BT hired in-house environmental experts; the hiring of in-house experts at SIB and STB is underway; and by the end of 2022, all three companies will complete the first evaluation on environmental and social compliance of the Program activities with applicable legislation.
- d. **Social:** The Government did not increase tariffs in 2019-2020 due to COVID-19 impacts. Moreover, the Government is in the process of finalizing the Electricity Tariff Paper which should provide a trajectory of tariff adjustments that would be required to ensure the elimination of the cash deficit in the electricity sector. As a result, the Ministry of Health and Social Protection did not carry out an analysis of the impact of tariff increases on consumers. This will be done by end 2022 when the Electricity Tariff Paper is ready. Mitigation of tariff increases on the vulnerable will be carried out through the Targeted Social Assistance program, but this will not be adequate given the limited funding of this program due to the fiscal situation. The Government is therefore finalizing the analysis of the possibility of introducing a block tariff structure whereby consumers with lower volumes, who are typically also socially and economically vulnerable, would benefit from lower tariffs.

D. Important Achievements under the Government Program

12. There are some other noteworthy achievements under the Government program that are critical for long-term viability of the electricity sector. These include the following:

- a. **Increased efficiency of inventory management.** This has enabled the optimization of annual expenditures on purchases of materials, thus avoiding excess cash tied up in illiquid assets. This was achieved through improvement of the planning process for rehabilitation and maintenance of assets.
- b. **Completion of preparatory work for scale-up of advanced metering infrastructure (AMI).** This infrastructure is critical for further increases in domestic billing and collection rates. The preparatory works for design and tendering of the AMI system have been completed. The installation of billing system and meters for eight large cities, accounting for about 50 percent of total electricity consumption in the country, is expected to be completed by July 2025. The AMI investments for 3 of the 8 cities (Istaravshan, Isfara, and Konibodom) were originally planned to be co-financed by the Asian Infrastructure Investment Bank (AIIB), but are now being financed with about US\$100 million support from the Asian Development Bank (ADB), the European Investment Bank (EIB), and the European Bank for Reconstruction and Development (EBRD) (but not as co-financing for the program).
- c. **Improvement of electricity loss accounting.** Prior to unbundling of BT into separate and legally independent generation, transmission, and distribution companies, the electricity losses above the allowed level of around 16 percent were typically registered as billed and unrecovered sales. This was leading to major issues with validation and verification of the revenues of the companies with



implications for the financial statements. This practice has been discontinued and STB is currently recording and reporting the total losses on actual estimated basis.

- d. **Approval of the escrow account mechanism.** The mechanism, approved in November 2021, requires all revenues from domestic electricity sales to be deposited in a specific account at the Amonatbank and the distribution of revenues to be done according to the share of each company in the total revenues of the sector as per approved tariffs for each company. The mechanism also specifies rules for distribution of revenues in case collection for billed electricity is lower than 100 percent. Accordingly, priority is given to payments of salaries, taxes, expensive liabilities such as payments for electricity to IPPs and repayment of debts. In March 2022, the Government also established a Supervisory Board that will manage the escrow account.
- e. **Engagement of the management contractor for STB.** The Government is in final stages of negotiations with the management contractor with the contract expected to be signed by August 2022. The 5-year management contract was initiated with the objective of improving the operational and financial efficiency of the distribution company's operations

E. Rationale for the Proposed Additional Financing

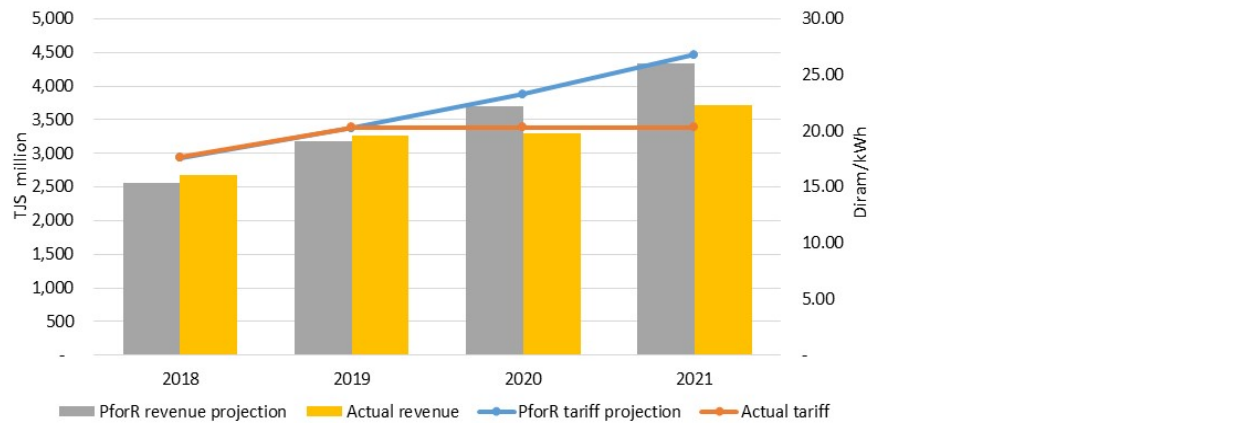
13. External shocks have impacted the implementation of the Program and the financial standing of electricity sector. Specifically, BT's financial standing has been negatively impacted by the following factors outside BT's and the government's control: (a) a larger-than-projected depreciation of the TJS caused by the macroeconomic impact of COVID-19 and the spillovers from the war in Ukraine; (b) a shortfall in BT's financing of the Program due to lower-than-expected revenues; and (c) the projected shortfall in BT's future financing of the Program due to the delay of the Central Asia – South Asia Electricity Transmission and Trade Project (CASA-1000) (P145054).

- a. **Larger-than-projected depreciation of TJS.** During the appraisal of the parent project in 2019, depreciation of the TJS was projected to be 12 percent between 2019 and 2021. Actual depreciation during this period was 17.4 percent. This has increased the costs of electricity purchases from IPPs and the debt service costs of BT since i) the tariffs in PPAs with Sangtuda-1 and Sangtuda-2 IPPs are denominated in US\$; and ii) BT's entire outstanding balance of short- and long-term debt (at TJS 13 billion equivalent as of end 2020) is primarily denominated in US\$.
- b. **Shortfall in BT's financing of the Program due to lower-than-expected revenues from domestic sales and under existing export contracts.** In 2020-2021, the total revenues of BT fell short of projections due to the following:
 - i. Domestic tariffs were not increased in 2020-2021 due to COVID-19 impacts.
 - ii. Payments from Afghanistan for electricity exports were delayed. BT has been a major supplier of electricity to Afghanistan since 2015 with annual exports at about 1,200 GWh. After the political developments in Afghanistan, the collection of revenues for exports of electricity significantly reduced. From July 2021 to end of December 2021, BT received only 30 percent of the total cost of electricity supplied to Afghanistan during the same time period or about US\$8 million equivalent. As of end-December 2021, Afghanistan's payables stood at US\$36 million.
 - iii. Electricity generation from the existing HPPs were lower than projected stemming from unfavorable hydrology, an event that historically has occurred once in 15 years. Exports in 2020 were lower by 45 percent as a result.



The revenue in 2020-2021 fell short of the projections at the time of the appraisal of the parent project by about TJS 1 billion or US\$90 million.² It should be noted that the 2019 and onwards were projected numbers during appraisal of the parent project because at that time financial data was available only from 2018 audited financial statements.

Figure 1: Revenue and Tariff Projections Vs. Actual



Source: World Bank team estimate.

The confluence of the factors mentioned above resulted in the shrinkage of the cash flow from operating activities (CFO) and expected larger cash deficit. Between 2018 and 2020, the operating cash flow shortfall ranged between 31-58 percent. Consequently, BT could not start paying down its subsidiary loans to MOF and the current and overdue payables to Sangtuda-1 and Sangtuda-2 for electricity. By the end of 2021, the outstanding balance of corporate debt and liabilities of BT³ reached about TJS 24 billion from TJS 19.5 billion in 2018, which represents a 24 percent increase. If the cash deficit⁴ was originally projected to be around TJS 10.3 billion in 2021, now it is estimated at TJS 14.7 billion.

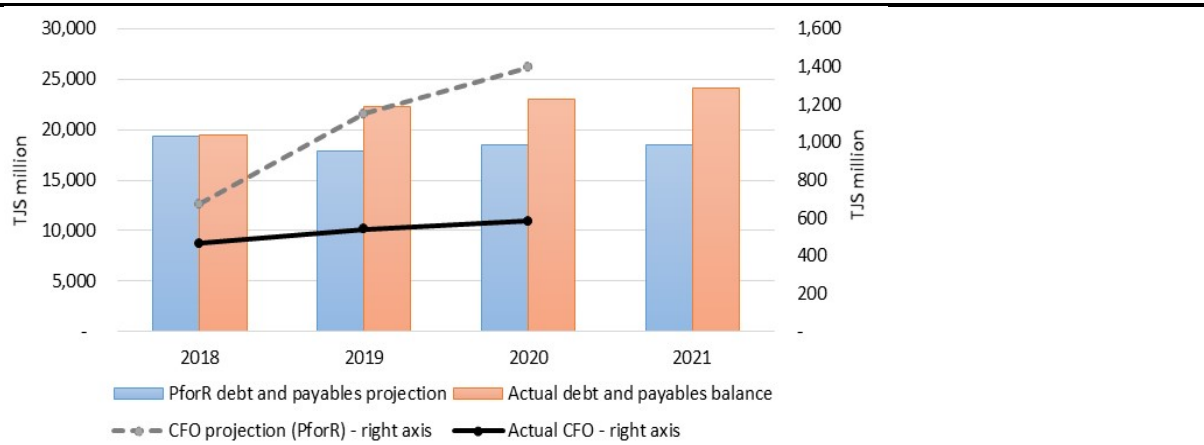
² At the following year-end exchange rates for 2019 and 2020: US\$1=TJS11.3

³ Long-term debt, commercial debt and accumulated payables for electricity.

⁴ Cash deficit is calculated as the difference between cash sales and accrual-based costs related to core business activities: cost of electricity from IPPs; O&M; liabilities related to repayment of outstanding principal amounts of debt; interest costs; overdue payables to IPPs, and taxes.



Figure 2: Debt and Liability Projections vs. Actual



Source: World Bank team estimate.

- c. **Projected shortfall in BT’s financing of the Program due to delay of the CASA-1000 project.** The CASA-1000 project involves the construction of high-voltage transmission infrastructure across Tajikistan, the Kyrgyz Republic, Pakistan and Afghanistan, that would enable the export of electricity from Tajikistan to both Afghanistan and Pakistan. The political developments in Afghanistan resulted in the suspension of construction of about 570 km high voltage direct current transmission lines through the territory of Afghanistan to the border with Pakistan. Currently, the commissioning of the project is expected by the end of 2024 with commercial operations commencing only in early 2025. This delay would impact the ability of BT to allocate the initially planned amount of financing to the Program because the company was estimated to earn an annual average of US\$130 million in export revenues from the negotiated PPAs with Afghanistan and Pakistan. The details are presented in the section containing the financial analysis.

14. **Given the new circumstances, the Government updated the program for financial recovery with revised measures, targets, and timeline.** In particular, the update of the Government program was required to: (a) reflect the restructuring of the electricity sector into separate electricity generation, transmission, and distribution companies; (b) revisit the policy, financial, and operational measures aimed at ensuring electricity supply reliability and improving the financial viability of the electricity sector; (c) prepare new financial projections given the current developments; (d) revise the targets; and (e) revise the timeline of the program. The main changes to the Government program include the following:

- a. **Further reduction of financing costs of BT.** This includes further renegotiation of the terms of the US\$ denominated commercial debt of BT based on the reduction of interest rates on US\$ denominated loans offered by the banking sector compared to 2018-2019.
- b. **Reduction of operating and maintenance costs.** The Government is exploring options for further reduction of expenditures with specific targets for the reduction of the costs of fuels, materials, services, and fixed asset maintenance. This will be achieved by further optimization of inventory management (e.g., just-in-time purchases vs ongoing purchases based on the age of equipment) and deferral of some maintenance costs without jeopardizing the reliability of electricity supply.
- c. **Revision of the financial projections and targets.** The projections and impacts of specific measures were updated to reflect: (i) changes in the overall cost structure and main projected inputs such as



inflation and foreign exchange rates; (ii) changes in revenue streams due to revised electricity tariff increase trajectory; (iii) additional operating cost savings introduced into the Program; and (iv) modifications to disbursements from the ongoing parent project.

- d. **Extension of the Government program implementation period.** The original implementation period for the Government program was 2019-2025. Given the implications of COVID-19 and the ongoing conflict in Ukraine, the implementation period of the Government program was extended till 2032.

15. The changes to the Government Program have introduced the need for additional financing as well as support to achieve new results critical for the long-term financial viability of the sector. As presented above, the updated financing framework for the program shows a current and projected revenue shortfall of about US\$90 million. If this gap is not filled, it will lead to a quick build-up of liabilities in the electricity sector and will require significantly more resources to address in later years. BT cannot currently secure alternative resources to compensate for the revenue shortfall given that it cannot access additional concessional credits and commercial resources based on its current financial standing. The Government cannot inject additional resources into BT due to an ongoing strained macro-fiscal situation.

16. Further deterioration of the financial standing of BT would inevitably lead to a reduction in electricity generation from existing power plants, caused by underspending on maintenance, and thus lead to significant electricity shortages with severe economic and social consequences. Thus, the proposed Additional Financing from the Bank is of critical importance to fixing the sector issues. Since the Government program includes new cost-saving measures, these are proposed to be included as a new DLI (DLI 10) associated with the AF. An additional DLI (DLI 11) is proposed related to improvement of the management of revenues from domestic electricity sales, which would improve the predictability and transparency of the revenue collection and distribution from domestic electricity sales and therefore avoid arbitrary decisions regarding the allocation of the collected cash among electricity companies.

F. Rationale for Restructuring of the Parent Project

17. **The Government has also requested to restructure the parent project.** The project has been restructured twice, in August 2020 and March 2021, to allow additional time to achieve specific dated DLR targets and to disaggregate one compound DLR into its component parts. This would be the third restructuring of the project. This restructuring involves the extension of the closing date of the project from August 30, 2026, to August 31, 2032, based on the updated Government program. It also proposes to change the target dates of some dated DLRs to allow additional time for their completion, taking into consideration the complex process of unbundling BT and the macroeconomic impacts of COVID-19 and the ongoing war in Ukraine. It should be noted that the Government has been undertaking various others measures and actions, including those aimed at optimization of electricity generation costs and optimization of liabilities, to achieve financial viability earlier, i.e., by 2030.

G. Relationship to CPF

18. **The parent project and the proposed AF remain fully aligned with Tajikistan's FY19-23 Country Partnership Framework (CPF)** (Report No. 135875-TJ, discussed by the Board of Executive Directors on May 9, 2019). Specifically, the Program will contribute directly to the achievement of Objective 4 (*Improved Financial Viability of Public Electricity and Water Utilities*) under the CPF Focus Area II (*Public Institutions and Sustainability*).



III. PROPOSED CHANGES

A. Revised Program Boundaries

19. The Program boundaries of the updated Government program for 2019-2031 have been expanded to include reduction of costs of electricity sector and improvement of predictability and transparency of sector revenues as follows (see also Figure 3):

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

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

Results Area 2: Ensuring Electricity Supply Reliability

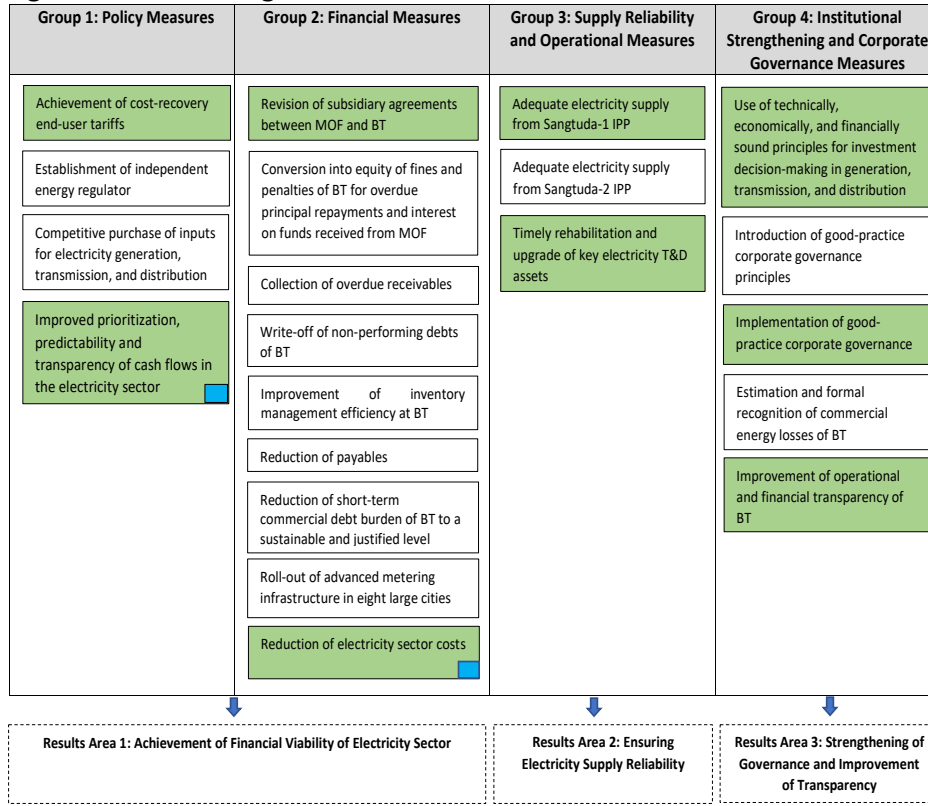
- Adequate electricity supply from Sangtuda-1.
- Timely rehabilitation and upgrade of SIB's and STB's electricity transmission and distribution assets.
- Reduction of electricity sector costs.

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

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



Figure 3: Revised Program Boundaries



■ Supported under the PforR
■ New measure in the updated Government program

Source: World Bank team.

B. Changes to the PforR

20. **Original Project Development Objective (PDO).** The current PDO is: “to improve the financial viability, increase the reliability of electricity supply, and strengthen the governance of BT.” It is revised to reflect the unbundling of BT into separate and legally independent electricity generation, transmission, and distribution companies.

21. **Revised PDO.** The revised PDO is: “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.”

22. **Changes to the Results Framework.** The project’s key outcome and PDO level indicators remain the same, with changes to the expected date of achievement of targets based on the revised Program dates, and changes to entity names based on the unbundling of BT. One indicator, related to AMI investments that are no longer part of the program, has been removed. Details are provided below.



Table 1: Key Changes in the Results Framework

Current	Revised	Current Baseline	Revised Baseline	Current Target	Revised Target
PDO Level Results Indicators					
Indicator 1: Reduction of BT's cash deficit (% reduction of cash deficit)	Cash deficit of electricity sector (not exceeding the specified value)	To be confirmed by the audit of 2019 annual financial statements	To be confirmed by the auditor of 2021 annual financial statements of BT	TJS 19.5 billion	Electricity sector does not have a cash deficit
Indicator 2: Adequate electricity supply received by BT from Sangtuda-1 power plant (GWh)	No change	At least 1,800 GWh/year	No change	At least 1,800 GWh/year	No change
Indicator 3: Reduction of equipment failures in electricity transmission and distribution networks of BT (Number of equipment failures)	Reduction of equipment failures in electricity transmission and distribution networks of SIB and STB (Number of equipment failures)	2,417	No change	1,400	No change
Indicator 4: Use of technically, economically, and financially sound principles for the Recipient's investment decision-making in electricity generation, transmission, and distribution (Yes/No)	No change	No	No change	Yes	No change
Intermediate Results Indicators					
Improvement of BT's collection rate for billed electricity in the cities of Istaravshan, Isfara, and Konibodom	This is proposed for deletion given that this is no longer under the Program	-	-	-	-
BT generation, transmission, and distribution companies have functional Supervisory Boards and specialized committees	BT, SIB, and STB have functional Supervisory Boards and specialized committees	No	No change	Yes	No change
BT generation, transmission, and distribution companies disclose key quarterly operational and financial data	BT, SIB, and STB disclose key quarterly operational and financial data	No	No change	Yes	No change



Current	Revised	Current Baseline	Revised Baseline	Current Target	Revised Target
No indicator on gender in the parent project	Increase in the share of women taking on permanent jobs at BT, SIB, and STB at technical and managerial levels	0%	-	10%	-

23. **Changes to existing DLRs.** Based on the rationale for the AF, additional DLRs are proposed while existing DLRs have been revised as part of the restructuring of the parent project. Most of the revisions to existing DLRs are related to extending the deadlines for achievement of targets⁵.

Table 2: Changes to DLRs

Disbursement Linked indicators	Current deadline	Revised deadline	Comments
DLI 1: Achievement of cost-recovery end-user tariffs			
DLR 1.1: At least twelve (12) percent increase of average end-user tariff for BT has been adopted by the Recipient	Sep. 30, 2021	Nov. 30, 2022	The tariff increase decision has been approved and was expected to become effective in April 2022. However, effectiveness was deferred due to deterioration of macroeconomic situation. It is currently expected to become effective by November 30, 2022, which would also allow time to finalize the ongoing work on the design of a block tariff structure that may be used to subsidize vulnerable consumers
DLR 1.2: 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	Dec. 31, 2021	Dec. 31, 2023	The tariffs for generation and T&D can be finalized once the allocation of fixed assets among BT, SIB, and STB is completed. The work is in progress and has been delayed due to disagreement on consequence of accounting treatment of fixed asset transfer from BT because such transfer would create a loss for BT, which would need to be covered by the Government. Alternatively, SIB and STB should receive additional equity injection to pay for assets at residual values. The Bank team is currently providing support to help resolve this issue
DLR 1.3 to 1.6: At least annual adjustment of generation, transmission, distribution and end-user tariffs as per new tariff methodology and consistent with the targets approved under the Electricity Tariff	Annual	Shifted by two years	This is necessitated by the restructuring requested for DLR 1.2

⁵ The revised dates have been set later than those requested in the official request from the Ministry of Finance based on further discussions with the Government and BT.



Paper			
DLR 1.7: (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 2031; and (b) establishment of an adequately staffed Tariff Unit at the AMS	June 30, 2021	Sep. 30, 2022	This would allow time to complete the allocation of assets among BT, SIB, and STB, which is ongoing. The new Electricity Tariff Paper can be prepared only when tariffs are computed for each separate energy company, which requires clarity on each company’s fixed assets. The staffing at AMS tariff unit required more time given the difficulties associated with identification of specialists with required qualifications
New DLRs under DLI 1			
New 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			Proposed under AF to promote consistent implementation of the tariff adjustments
New 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 approved under the Electricity Tariff Paper			
New 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			
New 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			
DLI 2: Revision of the Subsidiary Agreements between the MOF and BT			
DLR 2.6: (a) the MOF and BT revise the terms of ten 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 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	June 30, 2021	Sep. 30, 2022	The revision of Group 2 Subsidiary Agreements is largely completed with outstanding balances of loans, overdue interest, the difference between the accumulated interest under existing and revised terms, as well as fines and penalties for overdue debt service reconciled between MOF and BT. Additional time is required because modifications to some of the subsidiary agreements require approval from financiers as per relevant financing agreements
DLR 2.8: (a) the MOF and BT revise the terms of nine additional 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	Dec. 31, 2021	Sep. 30, 2022	The works to revise all Group 2 Subsidiary Agreements are underway. This DLR will be achieved together with DLR 2.6 for which extension was also requested. The Government adopted the approach of doing one round of revisions to all Group 2 Subsidiary Agreements



each of the nine 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			
DLI 3: Electricity sector's cash deficit			
DLR 3.1: At least 7 percent reduction from BT's cash deficit in 2019	Dec. 31, 2020		Cash deficit targets revised as per new projections as agreed with Government. These are different from the numbers requested in formal restructuring request due to changes in the exchange rates, expected inflation, and estimated revenues since the original request was submitted
Revised DLR 3.1: Electricity sector's cash deficit does not exceed TJS 14 billion		Dec. 31, 2022	
DLR 3.2: At least 22 percent reduction from the level of preceding year	Dec. 31, 2021		
Revised DLR 3.2: Electricity sector's cash deficit does not exceed TJS 16 billion		Dec. 31, 2023	
DLR 3.3: At least 35 percent reduction from the level of preceding year 2022	Dec. 31, 2022		
Revised DLR 3.3: Electricity sector's cash deficit does not exceed TJS 16 billion		Dec. 31, 2024	
DLR 3.4: At least 50 percent reduction from the level of preceding year	Dec. 31, 2023		
Revised DLR 3.4: Electricity sector's cash deficit does not exceed TJS 16 billion		Dec. 31, 2025	
DLR 3.5: At least 80 percent reduction from the level of preceding year Cash deficit 2024	Dec. 31, 2024		
Revised DLR 3.5: Electricity sector's cash deficit does not exceed TJS 15 billion		Dec. 31, 2026	
DLR 3.6: No cash deficit	Dec. 31, 2025		
Revised DLR 3.6: Electricity sector's cash deficit does not exceed TJS 13 billion		Dec. 31, 2027	
New DLRs under DLI 3			
New DLR 3.7: By December 31, 2028, electricity sector's cash deficit does not exceed TJS 11 billion.			New DLRs are proposed to promote progress towards reduction of the sector cash deficit under the revised timeline for implementation of the Program given the impacts of external shocks. This is also aligned with new trajectory for tariff adjustments, which was delayed due to major external shocks. It is proposed to replace BT with "electricity sector" because after unbundling of BT there are three separate and legally independent new energy companies responsible for electricity generation, transmission, and distribution
New DLR 3.8: By December 31, 2029, electricity sector's cash deficit does not exceed TJS 7 billion.			
New DLR 3.9: By December 31, 2030, electricity sector's cash deficit does not exceed TJS 2 billion.			
New DLR 3.10: By December 31, 2031, electricity sector does not have a cash deficit.			
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: MEWR completes the update of GEP.	June 30, 2021	Oct. 30, 2022	Additional time is required due to changes in technical departments as well as the



			need for detailed modelling of hydropower generation and reservoir operations (based on multi-year hydrology data). The modelling required detailed analysis of hydropower generation and therefore, with troubleshooting of results, became significantly more time intensive.
DLR 7.2: MEWR approves the updated GEP.	June 30, 2021	Feb. 28, 2023	Given that the preparation of GEP is extended following the request from the MOF, additional time will need to be provided to the MEWR to adopt it after finalization given the time required for internal review and consultation with key stakeholders.
DLR 7.3: New generation investment decisions are made by the Recipient in accordance with the updated GEP; T&D network development plans, based on GEP, are prepared by SIB and STB respectively, and approved by MEWR.		Shifted by a year	This is necessitated by the changes in the deadlines of DLRs 7.1-7.2.
DLR 7.4-7.6: New generation as well as T&D projects initiated by BT or the Recipient's government are consistent with the approved plans.		Shifted by a year	This is necessitated by the changes in the deadlines of DLRs 7.1-7.3.
New DLRs under DLI 7			
New DLR 7.7: By December 31, 2027, new generation, transmission, and distribution projects initiated by BT, SIB, STB respectively or the Recipient's government are consistent with the approved plans	New DLRs are proposed to promote technically, economically, and financially sound principles for the Recipient's investment decision-making during the extended life of the Program.		
New DLR 7.8: By December 31, 2028, new generation, transmission, and distribution projects initiated by BT, SIB, STB respectively or the Recipient's government are consistent with the approved plans			
New DLR 7.9: By December 31, 2029, new generation, transmission, and distribution projects initiated by BT, SIB, STB respectively or the Recipient's government are consistent with the approved plans			
New DLR 7.10: By December 31, 2030, new generation, transmission, and distribution projects initiated by BT, SIB, STB respectively or the Recipient's government are consistent with the approved plans			
DLI 8: Implementation of good-practice corporate governance at BT			
DLR 8.1: SBs are functional and formed the specialized committees (audit and compensation committees) at generation, transmission, and distribution companies, comprising of SB members.	Dec. 31, 2020	May 31, 2022	The Government has made good progress after COVID-19 situation has settled and completed the establishment of the corporate governance elements. Hiring of some key people still need to be finalized.
DLR 8.2: SBs and specialized committees are functional.	June 30, 2021	June 30, 2022	The Government has made good progress with introduction of elements of good corporate governance in BT, SIB, and STB with Supervisory Boards in place and specialized committees established. The Government needs to finalize some legal



			arrangements to complete the process.
DLR 8.3 to 8.7: SBs and specialized committees are functional.		Shifted by one year	This is necessitated by the restructuring requested for DLR 8.2.
New DLRs under DLI 8			
New DLR 8.8: By December 31, 2027, supervisory boards and specialized committees are functional	New DLRs are proposed to promote continued implementation of good-practice corporate governance during extended life of the Program.		
New DLR 8.9: By December 31, 2028, supervisory boards and specialized committees are functional			
New DLR 8.10: By December 31, 2029, supervisory boards and specialized committees are functional			
New DLR 8.11: By December 31, 2030, supervisory boards and specialized committees are functional			

24. **New DLIs.** Two new DLIs are added that are important for returning the sector to the path of financial viability. DLI 10 targets the reduction of costs, which is important in this macroeconomically challenging context. DLI 11 allows for introduction of a contractual framework among sector companies and consistent implementation of the escrow account mechanism that would allow for transparent and predictable cash flows among sector companies. Without such a mechanism, revenue allocation among companies may become arbitrary and lead to the creation of risks for some or all companies thus jeopardizing the complete elimination of the cash deficit in the sector. One of the important aspects of the escrow account mechanism is the prioritization of payments to cover liabilities that have the largest impact on the financial standing of the sector.

25. **Changes to allocations to DLIs.** The allocation of financing among the DLIs has been updated based on the following considerations.

- a. **A large share of new financing (US\$46 million) is allocated to new DLIs and the existing DLI 3.** The new DLIs are important for returning the sector to path of financial recovery, helping to reduce the overall sector and company-level risks to financial viability, and making progress towards elimination of the cash deficit.
- b. **The remaining US\$34 million is allocated to existing DLIs.** This would contribute to continued implementation of the policy actions and other measures during the extended life of the Program to ensure there is no reversal in achievements that may disrupt the trajectory to financial viability.
 - US\$15 million is allocated to DLI 3 to ensure adequate incentives remain in place for the Government to implement the entire Program in a way that the cash deficit of the sector reduces according to the trajectory. Without achievement of targets under DLI 3, financial recovery of the sector would not be possible.
 - US\$7 million is allocated to DLI 1 related to consistent annual adjustment of electricity tariffs. This is a crucial DLI for generating additional revenues for the sector.
 - US\$12 million is allocated to DLIs 2, 5, 7, 8, and 9 to maintain implementation progress under the Program with a focus on electricity supply reliability, governance of the sector, and transparency.

26. **New disbursement conditions.** Considering the importance of DLRs 11.1 and 11.2 for long-term financial viability, predictability of cash flows, improved prioritization of expenditures – namely payments against financial liabilities, those are proposed to be made as disbursement conditions under the Program. Specifically, no disbursements can be made under Program:



- For any DLR under any Category unless and until (i) the Recipient has furnished evidence satisfactory to the Bank that said DLR has been achieved; and (ii) the Recipient has furnished evidence satisfactory to the Bank that DLR 11.1 has been fully achieved.
- 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 Bank) unless and until (i) the Recipient has furnished evidence satisfactory to the Bank that said DLR has been achieved; and (ii) the Recipient has furnished evidence satisfactory to the Bank that DLR 11.2 has been fully achieved.

27. Specifically, no disbursements can be made under the Program until the targets specified for those two DLRs are achieved by the dates specified.

Table 3: Revised Allocations to Disbursement Linked Indicators

Current DLIs	Revised DLIs	Current Allocation (US\$)	Revised Allocation (US\$)
DLI 1: Achievement of cost-recovery end-user tariffs	No change	19,000,000	26,000,000
DLI 2: Revision of Subsidiary Agreements between the MOF and BT ⁶	No change	33,000,000	36,000,000
DLI 3: Reduction of BT’s cash deficit	DLI 3: Electricity sector’s cash deficit	28,000,000	43,000,000
DLI 5: ⁷ Adequate electricity supply is received by BT from Sangtuda-1 power plant	DLI 5: Adequate electricity supply is received by BT or the designated off-taker from Sangtuda-1 power plant	17,000,000	20,000,000
DLI 7: Use of technically, economically, and financially sound principles for the Recipient’s investment decision-making in electricity generation, transmission, and distribution.	No change	14,900,000	18,000,000
DLI 8: Implementation of good-practice corporate governance at BT.	DLI 8: Implementation of good-practice corporate governance at BT, SIB, and STB	17,000,000	19,000,000
DLI 9: Improvement of BT’s operational and financial transparency	DLI 8: Improvement of operational and financial transparency of BT, SIB, and STB	5,100,000	6,000,000
-	DLI 10: Reduction of electricity sector costs	-	19,000,000
-	DLI 11: Improved prioritization, predictability and transparency of cash flows in the electricity sector	-	27,000,000
Total		134,000,000	214,000,000

28. **Program Expenditure Framework.** The Program expenditure framework is updated to: (a) remove metering and billing for the cities of Istaravshan, Isfara, and Konibodom which were originally planned to be

⁶ In accordance with applicable internal procedures.

⁷ DLIs 4 and 6 were to be parallel-financed by AIIB. The Government did not take a loan from AIIB, but instead financed those investments under different IFI-financed program. Thus, those are removed from the Program.



co-financed by AIIB, but were ultimately financed by ADB, EBRD, and EIB (but not as co-financing to the Program); and (b) increase the size of the expenditure related to purchases of electricity and annual rehabilitation and upgrade of T&D assets and, to some extent, Sangtuda-1 electricity purchases given the increase in the duration of the Program and the importance of these expenditures for achievement of financial viability and improvement of electricity supply reliability. The total cost of the Program remains unchanged at US\$479 million over 2019-2032. Given that no new expenditure items are included, there is no need to update the fiduciary assessment of the Program.

Table 4: Updated Program Expenditure Framework

Expenditure Items	Originally Planned Expenditures (US\$)	Actual, US\$ (July 1 ⁸ , 2020 - Dec. 31, 2021)	Updated Expenditures (US\$)
Cost of electricity from Sangtuda-1	387,317,536	50,091,153	389,317,536
Rehabilitation and upgrade of T&D assets	65,442,749	32,927,293	87,522,507
<i>Equipment and materials</i>	45,541,074	23,473,359	58,620,832
<i>Installation and other services</i>	11,111,069	9,453,934	20,111,069
<i>Commissioning and testing</i>	3,944,786	0	3,944,786
<i>Shipment, Insurance and Contingencies</i>	4,845,820	0	4,845,820
Metering and billing for the cities of Istaravshan, Isfara, and Konibodom	23,979,758	0	0
<i>Equipment and materials</i>	16,084,143	0	0
<i>Installation and other services</i>	5,126,522	0	0
<i>Shipment, Insurance and Contingencies</i>	2,572,152	0	0
<i>Salaries of Economic and Forecasting Unit and Central Accounting Unit</i>	196,941	0	0
Consultancy services, including for capacity building on social protection measures for MOF and other relevant government bodies	2,360,000	0	2,260,000
Total	479,100,043	83,018,445	479,100,043

29. **Expenditure use to date.** The overall efficacy of the execution is adequate with total expenditures from July 1, 2020 to December 31, 2021 reaching US\$83 million. Purchases of electricity from Sangtuda-1 IPP and rehabilitation and upgrade of T&D assets account for all those expenditures. Overall, the expenditures under the Program and the financing of billing and metering activities from other financiers would allow the achievement of the Program objectives and indicators by the revised closing date of the project.

30. **Program Financing.** The Program would be financed with combination of own resources of BT and IDA. As presented earlier, BT’s financing of the Program fell short of the level projected during appraisal of the parent project due to external shocks.

Table 5: Financing Sources of the Program

Source	Original PforR (US\$)	AF (US\$)	Updated with AF (US\$)
BT own funds (tariff-regulated revenue)	305,100,043	-	265,100,043
IDA (PforR funding)	134,000,000	80,000,000	214,000,000

⁸ Effectiveness date of the parent project.



Financing gap	40,000,000	-	-
Total	479,100,043	-	479,100,043

31. **Sustainability of the Program.** The sustainability of the Program results will be secured due to the following main factors.

- a. **Commitment to achieve cost-recovery electricity tariffs.** The Government is planning a tariff increase by the end of 2022, which would be a major contributor to increasing the sector’s cash flows. Moreover, Government has demonstrated commitment to reaching cost recovery since 2017 with tariffs adjusted three times during the period of 2017-2019.
- b. **Improvement of payment discipline by Afghanistan.** In January - April 2022, BT exports to Afghanistan amounted to about US\$9.5 million, but BT received about US\$21 million which included payments for other overdue payables by Afghanistan. This has reduced the total payables of Afghanistan to US\$23 million as of April 30, 2022 compared to US\$36 million as of December 31, 2021.
- c. **Continued focused on efficiency and transparency of electricity sector.** BT as well as the new companies have been optimizing expenditures and continue to reduce purchases of inventory to match ongoing needs. Moreover, the Government has adopted the new Escrow Account Regulations to further improve predictability of cash flows for electricity sector companies as well as the transparency of the funds flow in the sector. The escrow account mechanism prioritizes payments of liabilities that are the most burdensome for the electricity sector.
- d. **Focus on promotion of regional electricity trade.** The Government has been making progress to further increase the exports of clean electricity to the Central Asia region. Specifically, a Memorandum of Understanding (MOU) was signed with Uzbekistan to significantly increase exports of electricity and another MOU is in final stages of discussion with Kazakhstan. As a next step, the Government will start negotiations of the long-term PPAs.

C. APPRAISAL SUMMARY

A. Technical

Technical Assessment of Additional Measures included in the Program

32. **Further optimization of electricity sector costs and improvement of predictability as well as transparency of revenue allocation is important.** The Government does not have untapped reserves and options to return the sector to the path of financial viability. The current macroeconomic situation would not allow for larger-than-planned end-user electricity tariff increases and provision of state budget financing to BT to close the financing gap is not feasible. Therefore, further optimization of costs becomes a priority even if the impacts of those measures may not be very significant.

33. **Additional cost saving measures related to further reduction of fuel costs, expenditures on materials, selling costs, as well as general and administrative expenditures have been identified.** BT’s main fuel costs include heavy fuel oil (HFO) purchases for Dushanbe-1 Combined Heat and Power plan (CHP) and two district-level boiler houses for district heating and coal (mined in Tajikistan) used for Dushanbe-2 CHP. Given the availability of natural gas from Uzbekistan and an existing stock of HFO of about 24,000 tons, BT did not purchase any HFO in 2021. Going forward, the expenditures on HFO will be further optimized to: (a) allow for no more than 21 days of emergency heat supply which is estimated at 21,000 tons; and (b) ensure



international competitive procurement (the actual purchase price will be benchmarked against the traded price of HFO at an international exchange with adjustment for the cost of transportation).

34. The electricity sector has made good progress with reduction of costs due to some optimization of inventory purchases. However, potential for further reduction has been identified to allow the sector to weather through the difficult economic times by additional improvements in inventory management, deferral and improved prioritization of rehabilitation and asset upgrade costs, and reduction of purchases of services for the needs of the sector. After energy purchases, the cost of materials is the largest item. The 2019 and 2020 costs that need to be optimized further, summarized below, are based on the audited financial statements of BT when it was a vertically integrated company.

Table 6: Costs of Materials, Services and Asset Maintenance

Thousand TJS	2019	2020
Estimated cost of materials (excluding fuel) ⁹	277,410	427,514
Services	45,824	53,225
Fixed asset maintenance	18,285	20,487

Source: BT Annual Audit Report and Bank team estimate.

35. **The Government has recently adopted the rules for establishment, use, and management of the escrow account for BT, SIB, and STB.** The escrow account will be used only for the purposes of distribution of revenues from domestic electricity sales and will be opened at Amonatbank. The objectives of the escrow account mechanism are the following.

- a. Rules-based distribution of revenues among electricity sector companies according to their share of revenues as per approved relevant company-level tariffs. If the collected revenues are below 100 percent of billed sales, then each company will get the specified percentage of the available resources, but there will be prioritization of payments towards liabilities,
- b. Reduction of possibility of non-justified use of revenues,
- c. Allowing for gradual repayment of all debts of BT, and
- d. Further strengthening of discipline and the elements of corporate governance that were introduced at BT, SIB, and STB.

36. The rules for use of the account are overall sound and consistent with good practices for escrow account management. BT, as the market operator and based on the decision of the escrow account Supervisory Board, will be submitting monthly payment orders to Amonatbank with details on electricity generation, transmission, and distribution data and the payables to each company as well as the expenditure plans of each company. The daily transfers from the escrow account to each company’s banking account is done according to the following principles: (a) the size of quarterly mandatory and minimum payments required by each company should be consistent with each company’s expenditure plan; and (b) each company gets a share of the total revenues available on the escrow account consistent with the share of each company in the total revenue requirement of the sector.

37. The escrow account mechanism also specifies the mandatory and minimum payments that need to be made to BT, SIB, and STB towards the following expenditures. The prioritization is robust with a focus on

⁹ The fuel costs will need to be separated and verified as part of the annual audit of BT’s financial statements to establish a reliable baseline.



meeting the liabilities that are critical for long-term reliability of electricity supply and are the most expensive (e.g., purchases of electricity from IPPs and servicing debt).

- a. Salaries, taxes, tariffs, and other mandatory payments specified by Tajikistan's legislation,
- b. Current and overdue payables to IPPs for actual electricity supply to BT consistent with the revenue distribution approach,
- c. Agreed-upon costs of commercial debt service for the calendar year,
- d. Current and overdue debt service costs under the relevant subsidiary agreements between MOF and the electricity sector companies,
- e. Imports of electricity,
- f. Payments for transit of electricity/use of transmission network except for CASA-1000 project,
- g. Payments for banking services and the cost of the annual auditor.

38. The arrangements put in place for management and monitoring of the escrow account are robust. The Government established a multi-sectoral SB to manage and monitor the use of funds. The SB is comprised of the Prime Minister (Chairman of SB), First Deputy Prime Minister (Deputy Chairman), Deputy Prime Minister responsible for the energy sector, Deputy Head of the Executive Office of the President, President's Assistant on Economic Matters, Minister of Energy and Water Resources, Minister of Justice, Minister of Finance, Chairman of the State Committee of Investments, Chairperson of the Financial Department of the Executive Office of the President, Chairman of BT, General Director of SIB, General Director of STB, and Chairperson of the Infrastructure Development Department of the Executive Office of the President (SB secretary).

Financial Viability Assessment of the Updated Program

39. The electricity sector and the Program remain financially viable with the proposed AF. The increase in end-user tariffs, improvement of collection rates, and cost-saving measures will help the sector generate more cash from operations and, as demonstrated in Figure 4, entirely eliminate the cash deficit by the end of 2031. The margin for Earnings Before interest, Taxes, Depreciation and Amortization (EBITDA) will increase to around 60 percent by 2029, and liquidity will improve. Revision of the on-lending terms of the MOF will reduce the debt service costs of the sector and free up additional cash for repayment of overdue liabilities. The commencement of electricity exports under the CASA-1000 project will also significantly contribute to improving the financial standing starting from 2026. Specifically, exports under the CASA-1000 project are expected to generate an additional US\$135 million of income per year. The Government has been undertaking measures to accelerate achievement of the sector financial recovery by an earlier date.

40. The electricity sector will gradually repay its current and overdue financial liabilities using incremental operating cash flows from financial recovery measures. It is estimated that by 2031, the sector will have fully repaid its overdue debts (principal plus interest) to MOF and Orienbank and overdue payables to Sangtuda-1 and Sangtuda-2, and eliminated the cash deficit. As a result, by the end of 2031, the debt-to-assets ratio will have come down to 0.83, and the debt service coverage ratio will have reached above 1.2.



Figure 4: Cash Deficit of Electricity Sector

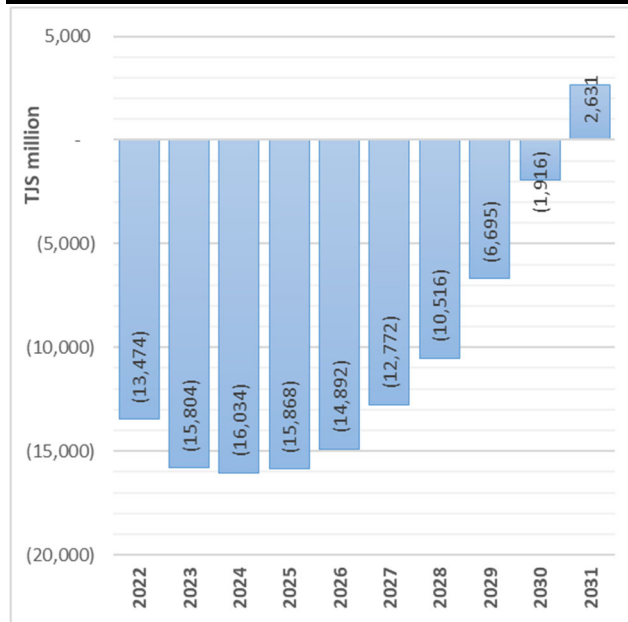
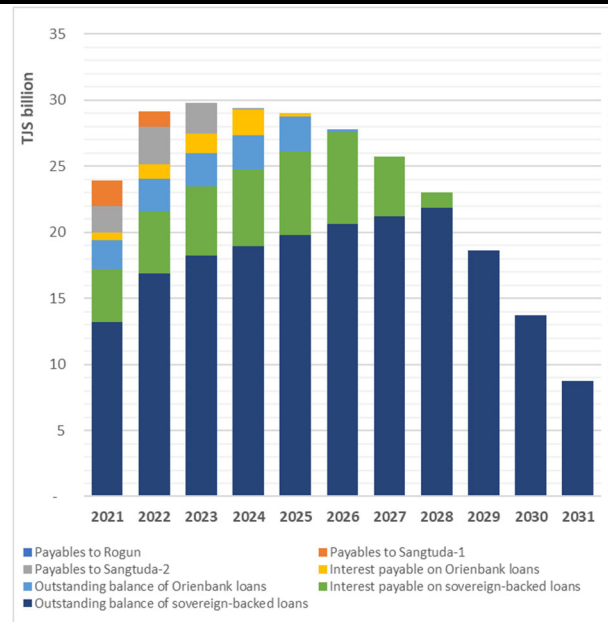


Figure 5: Outstanding Debt and Payables



Source: World Bank team estimation based on MEWR data.

Table 7: Projected Impact of Financial Recovery Measures

TJS million	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
Tariffs and exports	339	502	687	924	1,223	1,675	2,166	2,711	3,201	3,066
Collection improvement	81	133	193	265	352	400	451	483	592	599
Recovery of overdue receivables	278	418	473	421	322	200	161	222	258	295
Revision of interest rates on subsidiary loans	238	266	275	283	264	255	262	268	310	273
Fuel cost savings	54	39	39	41	42	37	33	39	40	40
Other operating cost savings (excl. fuel)	-	58	87	73	75	65	60	67	68	67
Total cash flow	991	1,416	1,754	2,007	2,277	2,632	3,132	3,790	4,468	4,340
Cumulative cash flow	991	2,407	4,161	6,167	8,445	11,077	14,208	17,998	22,466	26,806

Source: World Bank team estimation based on the Government program.

Table 8: Projected Financial Ratios

	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
Gross margin	26%	28%	32%	35%	43%	45%	49%	62%	64%	63%
EBITDA margin	23%	26%	29%	32%	41%	43%	46%	60%	62%	61%
Debt-to-assets	1.38	1.44	1.51	1.56	1.57	1.53	1.46	1.30	1.08	0.83
Net debt-to-EBITDA	32.85	26.90	21.69	17.90	11.19	9.19	7.08	4.30	3.02	2.29
Debt service coverage ratio	0.06	(0.04)	(0.04)	0.11	0.16	0.20	0.25	0.42	0.66	1.29

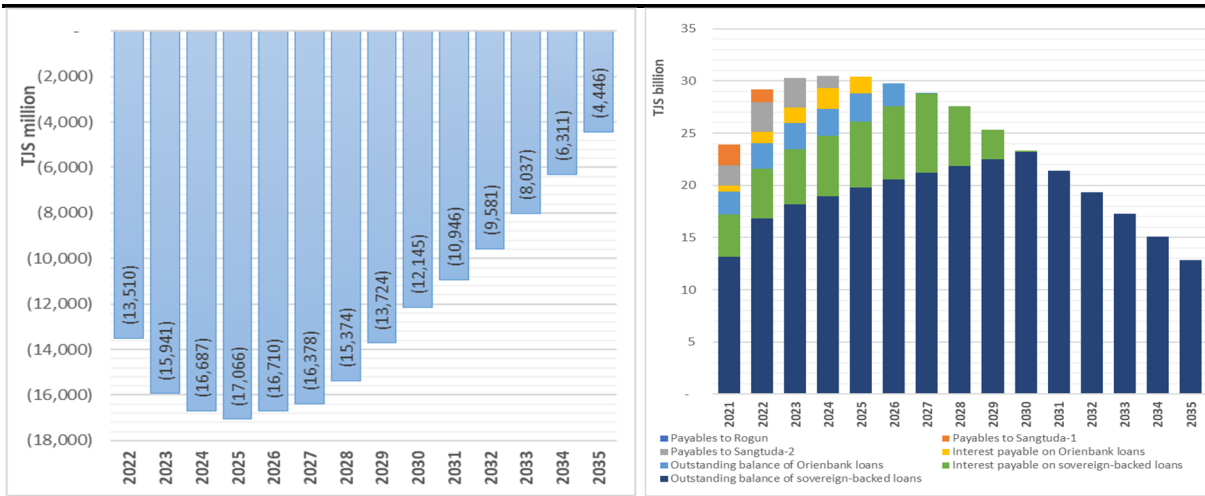
Source: World Bank team estimation based on the Government program.

41. The electricity sector and the Program would not be able to maintain financial viability and supply reliability without the proposed AF. Without additional financing, the sector would generate about US\$660 million less liquidity between 2022 and 2031. In 2031, the sector deficit would be around TJS 11 billion (about US\$680 million). The cash available for debt service would cover only one-fifth of financial liabilities coming due in that year. By 2035, the sector would still have a negative net worth with a debt service coverage ratio



of 0.38.

Figure 6: Cash Deficit of Electricity Sector without AF **Figure 7: Outstanding Debt and Payables without AF**



Source: World Bank team estimate based on MEWR data.

B. Fiduciary

42. **Financial Management Arrangements.** The Financial Management (FM) arrangements of the Program have been periodically assessed during the periodic FM implementation support and supervision missions (latest in December 2021) and found to be overall adequate for Program implementation, including the proposed AF.

43. There will be no change in the Program’s FM arrangements as a result of the AF despite the unbundling of BT. It was agreed that BT will stay the responsible entity for the program’s FM arrangements and MEWR will be responsible for coordination of the Program FM arrangements among BT, SIB and STB.

44. Overall, there is adequate planning and budgeting as well as accounting and financial reporting capacity at BT, SIB and STB for the Program implementation, which however needs to be enhanced. As agreed in the parent Program’s PAP, BT prepared a capacity building and training plan, acceptable to the Bank, which includes capacity enhancement in international accounting/financial reporting standards/auditing standards as well as in budgeting for the staff of all three entities. The capacity building plan is expected to contribute to the three entities’ financial reporting capacity.

Table 9: Implementation Status of the Program’s FM Actions

Financial Management	Implementation Status
Hire two additional internal audit staff for BT.	BT hired the additional two internal auditors, as agreed with the Bank, and by the time of unbundling of BT into three separate entities, it had 5 internal auditors. Meanwhile, due to entity reorganization, and staff changes, currently there are 3 internal auditors, one per each at BT (with another vacant position), SIB and STD (with one more vacant position). It is agreed that BT and STD will fill in the vacant positions, which will result in having 5 internal auditors, as was originally agreed and implemented.
Internal audit staff does not have the required certification.	The originally agreed deadline for this action was set as within one year after the parent Program effectiveness. It was agreed to shift the deadline to December 31, 2022, due to Covid as well as reorganization and staff changes at BT.



Financial Management	Implementation Status
Cost of BT debt from MOF is not reflective of the cost of funds for the Republic of Tajikistan.	The MOF and BT have already started the process. This action is one of the Program DLIs (DLI 2), and as of the assessment date the DLRs 2.1-2.5 have been implemented, with DLRs 2.6-2.9 still to be fully achieved.
Inefficient corporate governance of BT.	This action is one of the Program DLIs (DLI 8), and as of the AF assessment date none of the DLRs have yet been achieved.
Weak capacity of financial management, accounting and internal audit staff.	BT has developed a capacity building and training plan, which was agreed with the Bank. The plan includes specific training activities focused on planning, accounting, financial reporting, internal audit, and covers BT, SIB and STD relevant staff.

45. There is an annual Program and entity¹⁰ audit requirement under the Program. The auditor expressed unmodified (clean) opinion on the Program’s FY2020 audited financial statements, which were submitted to the Bank on time. No recommendations were provided by the auditor in the Program management letter. The same auditor expressed qualified opinion on the entity FY2020 financial statements, which were received with some delay.

46. The qualified opinion was issued as BT: (i) has not adopted appropriate internal control procedures related to the recognition of its revenue and related receivables from its customers to assess the completeness of income; and (ii) has received electricity from Sangtuda-2 IPP during last several years, related to which fines were charged on overdue payables with no accrued provision recognized for these fines as the management expects to waive the fines charged and currently is in the process of negotiations.

47. The Bank expects that: (a) the planned roll-out of metering and billing infrastructure would help to improve the billing and therefore the revenue recognition; and (b) the capacity building and training plan, which was agreed with the Bank within the Program, will result in enhancement of its accounting, financial reporting and internal control systems.

48. **Procurement.** The procurement performance of the Program has been Moderately Satisfactory. The implementation of the Program expenditures required signing of works and goods contracts for procurement of equipment and materials and installation services during rehabilitation and upgrade of transmission and distribution assets. During the period from July 1, 2020 (effectiveness) to March 30, 2022, there were total of 12 contracts signed. The Recipient is currently working on the development of General Conditions of the Contract to be included into the bidding documents to be used for the Program. The Program action has been delayed and the proposed modifications will be submitted for Bank’s review by September 2022. No consultancy services were involved under the Program so far, but there is an ongoing hiring of one Independent Verification Agent (IVA) for the needs of the Project that is carried out in a competitive manner. BT, SIB and STB are currently finalizing the creation of relevant sections on their websites related information sharing on the handling of procurement complaints. The work started in January 2021 but was delayed due to the restructuring of BT. Subject to implementation of procurement actions as defined in the PAP, procurement performance rating will be either re-confirmed or downgraded.

49. The proposed activities under the revised Program include cost-saving measures by reducing the volumes and quantities of inputs purchases for the needs of the electricity sector operations as well as activities (escrow account mechanism) aimed at improving the predictability and transparency of distribution of revenues in the sector. Given the expenditure framework is unchanged and provided that Barqi Tajik (BT)

¹⁰ Consolidated (until FY2021) or separate annual financial statements (from FY2022) of generation (BT), transmission (SIB) and distribution successor companies (STD).



remains overall responsible for the Program's procurement arrangements, an additional procurement assessment is not required for the revised Program.

50. **Disbursements.** There will be no changes in the Program's Disbursement Arrangements, for either the parent project or for the AF. Following the effectiveness of the IDA Financing Agreement for the AF, the Bank will provide an advance payment of US\$20 million equivalent or 25 percent of the total size of the proposed AF grant. The need for the advance is driven by the requirement of ensuring adequate budget for annual rehabilitation and maintenance program of the T&D assets. Addressing critical rehabilitation needs in a timely manner is important for maintaining reliability of electricity supply.

51. Whenever the DLRs are achieved, the amount of the advance will be deducted (recovered) from the amount due to be disbursed under the DLIs. The amount of the advance recovered by the Bank then will be available, as needed, for additional advances ("revolving advances").

52. **Anti-Corruption Arrangements.** The parent project's anti-corruption arrangements will also be applied to the proposed AF. The Agency for State Financial Control and Combating Corruption (ASFCCC) will oversee and control the Program, including the AF, on anti-corruption issues. The ASFCCC will inform the Bank annually on all credible and material allegations or other indications together with the investigative and other actions to be taken. As per letter from ASFCCC, there were no such allegations or other indications identified under the Program during FY2020 and FY2021.

C. Environmental and Social

53. **Environmental.** The environmental performance of the Program remains consistently satisfactory. The Government has made progress implementing the four Environmental Actions in the PAP. Specifically, the following three are completed: (i) BT, SIB, and STB developed corporate environmental policy and key guidelines, regulations and norms to facilitate adequate environmental performance in implementing rehabilitation, replacement, and upgrade of key assets; those will be adopted formally by the companies by end of July 2022; (ii) BT hired an additional environmental consultant to work with its operations; SIB and STB are in the process of hiring their relevant environmental staff; and (iii) BT developed the relevant educational modules related to requirements of the Committee of Environmental Protection and carried out the trainings with participation of all three companies. The fourth, the annual evaluation and monitoring of Program activities with the requirements of local legislation has been delayed due to COVID-19 impacts and the first assessment will be completed by December 2022.

54. The proposed new measures under the Program related to fuel cost savings (elimination of HFO purchases), reduction of costs, and improvement of predictability and transparency of revenue distribution are not expected to have any negative environmental impacts. In fact, reduction of purchases of HFO would help to reduce the CO2 emissions from the use of electricity and heat and would thus have a positive environmental impact.

55. **Social.** The new activities under the Program do not have any social impacts. The overall impacts of the updated Program remain largely positive because they will improve the financial standing of the sector and therefore contribute to improving the reliability of electricity supply. However, two aspects of the Program merit attention. First, STB needs to enhance efforts at reaching out to consumers and improve complaint handling. Second, the expected tariff increase trajectory anticipates lower tariff increases until 2026¹¹ compared to the original trajectory and relatively higher tariff increases after 2026. However, this is not likely

¹¹ It is expected that tariff increase in 2023-2026 will not exceed 6 percent per year compared to 8 percent under the 2019 Program. The tariff increase is expected to be lower until the macroeconomic situation improves.



to lead to material impacts on the poor as demonstrated during preparation of the parent operation where it was estimated that poverty will increase by less than 0.6 percent in 2024 under the anticipated tariff increase trajectory. The impacts of potential tariff increases would be further mitigated through the introduction of block tariffs, which is under development, and, once the fiscal situation of the country allows, with increased allocations by the government to the national Targeted Social Assistance program to mitigate any negative impacts.

D. Implementation Arrangements

56. **Implementation arrangements.** The overall oversight for implementation of the Program would remain MEWR's responsibility. BT, SIB, and STB will be responsible for reporting to MEWR on implementation progress, providing required inputs and information, and securing MEWR concurrence on actions that have direct implications for the achievement of DLIs and DLRs, without breaching the requirements of the corporate governance arrangements in place. MEWR would be responsible for preparing and updating the GEP, as well as the T&D network investment plans. AMS would be responsible for implementation of the new tariff methodology, including development of the Electricity Tariff Paper specifying the trajectory of annual tariff increases until 2031 to reach cost recovery levels, review of tariffs to be submitted by BT, SIB, and STB and making at least annual recommendations to the Government regarding the tariff adjustments. BT would be responsible for the parts of the Program activities related to securing adequate electricity supply, implementation of the annual capital repair and upgrade of key generation assets, implementation of good-practice corporate governance, and disclosure of key operational and financial data related to generation.

57. SIB and STB would be responsible for implementation of annual recurrent repairs and upgrades of transmission and distribution assets as well as the implementation of established corporate governance functions and disclosure of key operational and financial data related to their operations. Therefore, to facilitate the carrying out of the Program, SIB and STB each will enter into an Implementation Agreement with the Recipient, through MOF and MEWR, and BT satisfactory to the Bank.

58. Implementation Agreements with SIB and STB each, which shall define the specific roles and responsibilities of SIB and STB to facilitate timely implementation of the Program.

E. Corporate requirements

59. **Climate Change** Tajikistan is at risk of hydrometeorological hazards and natural disasters. Frequent natural disasters include landslides, floods, flash-flooding, mudflows, droughts, avalanches, heavy winds and storms. These risks are in part due to the country's complex mountainous terrain but are expected to be exacerbated and heightened through expected climate changes. The projected impacts from climate change make Tajikistan increasingly vulnerable to heavy precipitation, landslides, earthquakes, and floods. Climate change is also expected to increase risks and severity of natural disasters. In recent years, the number of natural disasters has increased nearly three times and, in many cases, have been considered as catastrophic, causing fatalities and leading to significant economic losses. The Program activities will help address this vulnerability context and increase the resilience of the T&D network to anticipated adverse effects of climate change.

60. **Adaptation to Climate Change.** The Program will help to adapt the electricity T&D sector to impacts from climate change. Specifically, improved financial viability of electricity sector would enable the SIB and STB to make the required investments into further strengthening of reliability of the T&D network by adopting design solutions that consider the increased frequency of extreme meteorological events caused by climate change. Without financial viability of electricity sector, such investments, which take into account potential impacts



from climate change, cannot be implemented. Therefore, without this Program, the T&D sector would remain significantly exposed to impacts from climate change.

61. **Gender.** The gender gap in labor force participation in Tajikistan is significant. The International Labor Organization estimates that only 32.9 percent of women aged 15-64 years old participated in the labor force in 2020, compared to 55 percent of men in the same age range who did so. The gap is even wider in the electricity and gas supply sector where the share of women employed was only 4 percent in 2016, according to the World Bank's Country Gender Assessment of Tajikistan (2021). This report also notes that the estimated income earned by females is 4.5 times lower compared to income earned by males. Technical jobs in the energy sector tend to offer higher wages and are thus of interest for providing more and better job opportunities for women. Under Results Area 3 - Strengthening of BT, SIB, and STB Governance and Improvement of Transparency, the Program will thus seek to address the gender gap in women's employment in the energy sector, complementing the activities envisaged under other ongoing operations in Tajikistan, namely the Rural Electrification Project (P170132) and the Nurek Hydropower Rehabilitation Project Phase 2 (P173804).

62. A baseline assessment of women's employment in the energy sector in four Central Asian countries including Tajikistan, planned to start in June 2022, will provide a baseline on women's employment in technical and managerial jobs in the energy sector, the share of female students graduating from the academic programs that are relevant to the energy sector, and women's experience in pursuing engineering studies, and in entering and advancing their careers in the energy sector. Based on the results of this assessment, specific actions will be discussed with MEWR and BT for advancing opportunities for women in the energy companies engaged in the Program implementation. Those activities may include, but not be limited to providing technical and/or leadership trainings for female employees, providing trainings for managerial and technical staff on gender inclusion, strengthening existing internship programs (if available) in collaboration with relevant academic institutions to attract more female engineers, providing childcare services and facilities at the companies, etc. To monitor progress of the gender actions toward narrowing the gender gap in employment in the energy sector, the Program will include the following intermediate result indicator: *"Increase in the share of women taking on permanent jobs at BT, SIB, and STB at technical and managerial levels (baseline: 0%, target: 10% increase)."*

63. **Citizen engagement.** The Program is currently supporting a number of activities, which would allow to improve the participatory decision-making and incorporate feedback from the general public on important issues related to long-term financial viability of the power sector and the reliability of electricity supply.

- a. **Tariff revisions and development of mitigation mechanisms.** Each planned revision of tariffs, prior to its approval and implementation, and the proposed lifeline/block tariff mechanism will be disclosed for public consultations. Feedback from key stakeholders will be considered in the revised Electricity Tariff Paper as well as in the final design of the proposed lifeline/block tariff structure, which would be used to mitigate the impact of the planned electricity tariff increases on end-users. An intermediate outcome indicator is proposed to measure the efficiency of citizen engagement in decision-making on such matters. The results would be measured through surveys to be carried out each year.
- b. **Use of technically, economically, and financially sound principles for investment decision-making in electricity generation and T&D.** The finalization of the GEP and T&D plans will be carried out with broad involvement of stakeholders. These plans will shape the development of the power sector in the long-term and therefore inputs from all stakeholders should be taken into account. MEWR will organize round-table discussions to present the approach related to planning of investments, the



main inputs and assumptions as well as the timeline and process to be followed for finalization of the plans. Subsequently, the drafts plans will be disclosed, and public consultation meetings will take place. The feedback collected from public consultations will be used to finalize the documents. The efficiency of citizen engagement will be measured through the following intermediate results indicator: *“Percentage of citizens who believe that the Program has established effective engagement processes.”*

D. KEY RISKS

64. The **overall risk** to achieving the Program Development Objective and associated results is rated as **Substantial**.

65. **The Political and Governance Risk is Substantial.** At the Program level, the political decision on the priority of electricity sector financial recovery, including the measures to be implemented, were made at the highest level and the authorities demonstrated full commitment. The operation does not present any threat to political stability of the country and the Program is supported across the entire political spectrum and other key stakeholders. It is consistent with the development strategy of the country. There are no major corruption or transparency risks related to expenditures considering that all expenditures above threshold (around US\$10,000) are to be approved by SBs of BT, SIB, and STB and the expenditures need to be consistent with the annual budgets. The elements of good-practice corporate governance at BT, SIB, and STB are still at a nascent stage and continued commitment to implementation is not assured. This will be mitigated through a DLI focused on ensuring consistent adherence to the established good practices of corporate governance.

66. **Macroeconomic Risk is High.** The slow-down of economic activity caused by COVID-1 and the war in Ukraine negatively impacted the financial standing of BT. Any further deterioration of the economic situation in the region may create significant risks for this operation through export revenues, tariffs and local currency depreciation channels. Specifically, deceleration of economic activity and reduction in disposable income of residential consumers may lead to deterioration in collection rates for billed electricity and render infeasible further tariff increases. With no direct budget subsidies to the electricity sector to mitigate potential impacts, the financial standing of the electricity sector may deteriorate. Additionally, indirect impacts from the depreciation of TJS against the US\$ would impact the cost of electricity purchased from IPPs and the debt service costs of BT. The Government’s ongoing engagements with the Bank and IMF, aimed at securing budget support and other types of emergency financing, should help to shore up the macro-fiscal situation.

67. **Sector Strategies and Policies Risk is Substantial.** The key activities under the Program have been endorsed at the highest level and there is low probability of reversal or change as demonstrated by the Government’s commitment since the start of the Program. Specifically, the tariff increase trajectory in the updated Government Program for Financial Recovery of Electricity Sector for 2022-2031; revisions to subsidiary agreements between BT and MOF to reduce the debt burden of BT; conversion of accumulated fines and penalties into BT's equity; introduction of elements of good-practice corporate governance; and other measures are already underway, and the Government is making adequate good progress in all those directions. The financing allocated to DLIs aligned with critical policy reforms would help to mitigate these risks.

68. **Technical Design Risk is Moderate.** The analytical underpinnings and design of the Program are robust and do not create material risks for achievement of development objective. The technical design will remain relevant even considering the impacts of COVID-19. The Program would require an update to reflect the



impacts of COVID-19 on revenue and cost side of BT and revision of targets considering the changes in financial situation.

69. Institutional Capacity for Implementation and Sustainability Risk is Moderate. Key MEWR and BT staff have demonstrated good performance since the inception of the Program and a good understanding of the Program design. Their technical, economic and financial departments are overall adequately staffed with experienced professionals. However, BT, SIB, STB and MEWR do not have adequate experience in implementing such complex operations. They will hire external consultants to advise on various issues on an as-needed basis.

70. Fiduciary Risk is Substantial. The findings on financial management risks include, but are not limited to: (i) limited capacities of the FM/accounting staff at BT, in particular at regional level; (ii) weak internal controls, and (iii) lack of good governance practice at BT. The findings on procurement risks indicate the following key weaknesses: (i) use of incomplete bidding documents, unclear qualifications and technical requirements, evaluation criteria and contract conditions; (ii) lack of contract management mechanism including contract delivery quality and cost controls; and (iii) lack of clarity and transparency on matters related to filing of complaints, their processing, and decisions made. The fiduciary risks will be mitigated through improved capacity building of BT on accounting and auditing, consistent implementation of good-practice corporate governance principles, and improvements to be made to standard procurement documents.

71. Environmental and Social Risk is Substantial. The environmental risk rating is Substantial. Activities proposed under Results Area 2 of the PforR Program could lead to environmental impacts. BT, as the main implementing agency, as well as SIB and STB have limited in-house capacity for environmental due diligence. BT hired in-house environmental specialist and SIB and STB are in the process of hiring environmental specialists. Additionally, BT, SIB and STB prepared and adopted corporate level environmental policies statements which were found to be acceptable by the Bank. However, Program-level environmental management including procedures and practices to manage hazardous waste remains weak. The environmental risk will be mitigated through implementation of the corporate environmental policy and guidelines for carrying out rehabilitation works; hiring of additional environmental staff; and training activities. The tariff increases, supported under the Program, would have impacts on socially vulnerable consumers. Therefore, the Program requires, through the PAP, further roll-out of TSA program with required budget top-ups and the introduction of block or lifeline tariffs if the TSA does not provide the required mitigation.

72. Stakeholders Risk is Substantial. The electricity sector's efforts at stakeholder engagement are mostly limited to information sharing. To embed better and more effective consumer engagement, STB needs to evaluate the existing situation and prepare a strategy and implementation action plan for more effective customer engagement, including, introducing effective mechanism for handling customers' complaints. STB should also prepare a short note on the existing grievance system at STB. MEWR and BT need to finalize preparation of the public communication strategy on tariffs and broader energy issues, which, once implementation commences in 2022, should help to mitigate the impacts the stakeholder risks.

73. Other Risks: Substantial. This risk is comprised of two parts: BT export revenue risk, which is High, and the risk of Rogun HPP's impact on the financial standing of BT which is Moderate. Projected BT revenues after 2022 would, to a large extent, depend on cash received from exports under the CASA-1000 project and exports to Afghanistan under existing contracts. However, both of those revenue streams are at risk given the current situation in Afghanistan. If collections from existing exports do not improve at the required pace and CASA-1000 is delayed beyond 2025, then financial recovery of BT would be jeopardized. The Government is currently



actively exploring alternative export markets for surplus summer electricity. It would be important to ensure that BT (or STB) does not purchase more electricity from Rogun HPP than justified from a domestic and export demand perspective, and the cost of energy from Rogun HPP, which will be supplied to the domestic market, is fully reflected in the end-user tariff. Therefore, BT's PPA with Rogun HPP would need to be based on realistic projections of domestic electricity demand as well as availability of firm and long-term export commitments. For 2020-2022, the amount of electricity to be purchased by BT from Rogun HPP is consistent with the requirements of domestic demand.

E. WORLD BANK GRIEVANCE REDRESS

74. **Grievance Redress.** Communities and individuals who believe that they are adversely affected as a result of a Bank supported PforR operation, as defined by the applicable policy and procedures, may submit complaints to the existing program grievance mechanism or the Bank's Grievance Redress Service (GRS). The GRS ensures that complaints received are promptly reviewed in order to address pertinent concerns. Project affected communities and individuals may submit their complaint to the Bank's independent Accountability Mechanism (AM). The AM houses the Inspection Panel, which determines whether harm occurred, or could occur, as a result of Bank non-compliance with its policies and procedures, and the Dispute Resolution Service, which provides communities and borrowers with the opportunity to address complaints through dispute resolution. Complaints may be submitted at any time after concerns have been brought directly to the Bank's attention, and Bank Management has been given an opportunity to respond. For information on how to submit complaints to the Bank's Grievance Redress Service (GRS), please visit <http://www.worldbank.org/GRS>. For information on how to submit complaints to the Bank's Accountability Mechanism, please visit <https://accountability.worldbank.org>.



IV. SUMMARY TABLE OF CHANGES

	Changed	Not Changed
Change in Project's Development Objectives	✓	
Change in Results Framework	✓	
Change in Loan Closing Date(s)	✓	
Change in Implementing Agency		✓
Change in Program Scope	✓	
Cancellations Proposed		✓
Reallocation between Disbursement Categories		✓
Change in Disbursements Arrangements		✓
Change in Program Action Plan	✓	
Change in Safeguard Policies Triggered		✓
Change in Legal Covenants		✓
Change in Technical Method		✓
Change in Fiduciary		✓
Change in Environmental and Social Aspects		✓
Other Change(s)		✓

V. DETAILED CHANGE(S)

PROGRAM DEVELOPMENT OBJECTIVE

Current PDO

The program development objectives are to improve the financial viability, increase the reliability of electricity supply, and strengthen the governance of BT.

Proposed New PDO

The project development objectives 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.



LOAN CLOSING DATE(S)

Ln/Cr/Tf	Status	Original Closing	Current Closing(s)	Proposed Closing	Proposed Deadline for Withdrawal Applications
IDA-D5580	Effective	30-Aug-2026	30-Aug-2026	30-Aug-2032	28-Feb-2033



IX. RESULTS FRAMEWORK AND MONITORING

**Results Framework
COUNTRY: Republic of Tajikistan
Power Utility Financial Recovery Program for Results**

Program Development Objective(s)

The Program development objectives 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.

Program Development Objective Indicators by Objectives/Outcomes

Indicator Name	DLI	Baseline	End Target
Results Area 1: Achievement of Financial Viability of BT			
Electricity sector’s cash deficit	3	TJS 19.5 billion	0
Results Area 2: Ensuring Electricity Supply Reliability			
Adequate electricity supply received by BT from Sangtuda-1 power plant	5	At least 1,800 GWh/year	At least 1,800 GWh/year
Reduction of equipment failures in electricity T&D networks of BT	6	2,417 ¹²	1,400
Results Area 3: Strengthening of BT Governance and Improvement of Transparency			
Use of technically, economically, and financially sound principles for the Recipient’s investment decision-making in electricity generation, transmission, and distribution	7	No	Yes

¹² As of end-2017.



Intermediate Results Indicator by Results Areas

Indicator Name	DLI	Baseline	End Target
Results Area 1: Achievement of Financial Viability of BT			
Extent to which end-user tariffs reflect the revenue requirement of BT ¹³	1	20% ¹⁴	100%
Days of payables outstanding to Sangtuda-1 power plant	-	593 ¹⁵	45
Debt service coverage ratio	-	0.04 ¹⁶	1.1
Timely debt service payments by BT to MOF	-	No	Yes
Results Area 2: Ensuring Electricity Supply Reliability			
Actual expenditures on repair and upgrade of electricity T&D assets compared to the plan for 2020-2031	-	No	Yes
Results Area 3: Strengthening of BT Governance and Improvement of Transparency			
Update and adoption of GEP and preparation and update of T&D network development plans		No	Yes
BT, SIB, and STB have functional Supervisory Boards and the specialized committees	8	No	Yes
BT, SIB, and STB disclose key quarterly operational and financial data	9	No	Yes
Percentage of citizens who believe that the Program has established effective engagement processes	-	0%	60%
Increase in the share of women taking on permanent jobs at BT, SIB, and STB at technical and managerial levels	-	0%	10%

¹³ Exclusive of Rogun HPP.

¹⁴ As of Dec. 31, 2018. Estimated based on audited financial statements of BT for 2017.

¹⁵ As of Dec. 31, 2017. Estimated based on audited financial statements of BT for 2017.

¹⁶ As of Dec. 31, 2017. Estimated based on audited financial statements of BT for 2017.



Monitoring & Evaluation Plan: PDO Indicators					
Indicator Name	Definition/Description	Frequency	Data Source	Methodology for Data Collection	Responsibility for Data Collection
Electricity sector's cash deficit	This indicator will measure the progress with ability of BT, SIB, and STB to generate sufficient cash revenues to cover the direct production costs; selling costs; general and administrative costs; and costs associated with liabilities	Annual	IVA report to be prepared by the auditor(s) of annual financial statements of BT, SIB, and STB	IVA report	IVA with inputs from BT, SIB, and STB
Adequate electricity supply received by BT from Sangtuda-1 power plant	This indicator will measure the progress with reliability of electricity supply given that supply from Sangtuda-1 HPP is essential for ensuring enough electricity supply to consumers	Semi-annual	Monthly bills submitted by Sangtuda-1 and meter readings of BT at receiving points	BT to provide copies of bills submitted by Sangtuda-1 and meter readings	BT
Reduction of equipment failures in electricity transmission and distribution networks of SIB and STB	This indicator will measure the progress with improvement of electricity supply reliability due to timely implementation of timely repair and upgrade program. This indicator will include outages caused by emergencies; equipment failures of the first type; and equipment failures of the second type ¹⁷	Annual	IVA report to be prepared by engineering consultant	IVA report	IVA with inputs from BT, SIB, and STB
Use of technically, economically, and financially sound principles for the Recipient's investment decision-making in electricity generation, transmission, and distribution	This indicator will measure the progress with implementation of good corporate management practices related to planning of new capital expenditures	Annual	IVA report to be prepared by engineering consultant	IVA report	IVA with inputs from BT, SIB, and STB

¹⁷ Emergencies = outages for equipment at 220 kV and above for duration of 25 days and more; equipment failures of first type = failures of equipment at 220 kV and above for duration of 3 days and more as well as outages on lines of 6 kV and above caused by natural disasters and weather conditions (those were excluded from the indicator); equipment failures of second type = failures at facilities of 6 kV to 220 kV for duration of up to eight hours.

**Monitoring & Evaluation Plan: Intermediate Results Indicators**

Indicator Name	Definition/Description	Frequency	Data Source	Methodology for Data Collection	Responsibility for Data Collection
Extent to which end-user tariffs reflect the revenue requirement of the sector	This indicator will measure the progress with convergence of end-user tariffs with the cost-recovery level. It will be computed as the ratio of the actual weighed average end-user tariff to the revenue requirement at generation, transmission, and distribution	Annual	BT, SIB, and STB audited financial statements; IVA report on tariff increases with supporting documents	BT audited financial statements and IVA report	BT
Days of payables outstanding to Sangtuda-1 HPP	This indicator will measure the progress with reduction of delays in payments for electricity supplied by Sangtuda-1 IPP for electricity. It will be computed by dividing the average payables to Sangtuda-1 during the year by cost of electricity purchase/ 365	Annual	BT audited financial statements	BT audited financial statements	BT
Debt service coverage ratio	This indicator measures the progress with improvement of BT, transmission, and generation companies' ability to service the debt. It will be computed as the ratio of earnings before interest, depreciation, and amortization (EBIDA) and total short and long-term debt service requirements	Annual	BT audited financial statements	BT audited financial statements	BT
Timely debt service payments by BT to MOF	This indicator measures the progress of BT in making timely debt service costs to MOF under the subsidiary agreements	Annual	BT audited financial statements	BT audited financial statements	BT



Monitoring & Evaluation Plan: Intermediate Results Indicators

Indicator Name	Definition/Description	Frequency	Data Source	Methodology for Data Collection	Responsibility for Data Collection
Actual expenditures on repair and upgrade of electricity T&D assets compared to the plan for 2020-2031	This indicator will measure the progress with implementation of 6-year plan for repair and upgrade of electricity T&D assets. It will be measured by comparing the actual expenditures with planned expenditures at the fixed exchange rate as of Dec. 31, 2018	Annual	SIB and STB reports on expenditures under rehabilitation and upgrade program; BT audited annual financial statements	SIB and STB reports on expenditures under rehabilitation and upgrade program; SIB and STB audited annual financial statements	BT
Update and adoption of GEP and preparation and update of T&D network development plans	This indicator will measure the progress with preparation of the investment plans for power generation and T&D and their adoption	Annual	Approved plans with relevant decisions/decrees and IVA report	Approved plans with relevant decisions/decrees and IVA report	BT
BT, SIB, and STB have functional Supervisory Boards and the specialized committees	This indicator will measure the progress with implementation of good corporate governance principles at generation, transmission, and distribution levels. It will be measured based on the outputs from IVA	Annual	IVA report	IVA report	IVA
BT, SIB and STB disclose key quarterly operational and financial data	This indicator will measure the progress with disclosure of key quarterly operational and financial data at generation, transmission, and distribution level. It will be measured by reviewing the disclosures made by the BT, SIB, and STB on their websites	Quarterly	BT, SIB, and STB websites	BT, SIB, and STB websites	BT
Percentage of citizens who believe that the Program has established effective engagement processes	This indicator will monitor progress with citizen engagement activities	Annual	Annual surveys of public opinion to be commissioned by BT	Survey	BT



Monitoring & Evaluation Plan: Intermediate Results Indicators

Indicator Name	Definition/Description	Frequency	Data Source	Methodology for Data Collection	Responsibility for Data Collection
Increase in the share of women taking on permanent jobs at BT, SIB, and STB at technical and managerial levels	This indicator will measure the progress with improvement of gender balance at BT	Annual	BT	BT HR department	BT



Disbursement Linked Indicators

Disbursement Linked Indicators	Disbursement Linked Results	Amount Allocated Under Original Grant (US\$)	Amount Allocated under AF (US\$)
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 <i>(revised deadline and increased allocation)</i>	7,562,000	2,200,000
	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 <i>(revised deadline and increased allocation)</i>	3,000,000	2,100,000
	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 <i>(revised deadline and increased allocation)</i>	2,000,000	500,000
	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 <i>(revised deadline and increased allocation)</i>	1,000,000	500,000
	DLR 1.5: By December 31, 2026, 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 <i>(revised deadline and increased allocation)</i>	1,000,000	500,000
	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 <i>(revised deadline and increased allocation)</i>	1,000,000	200,000
	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	3,438,000	200,000



Disbursement Linked Indicators	Disbursement Linked Results	Amount Allocated Under Original Grant (US\$)	Amount Allocated under AF (US\$)
	cost-recovery by the end of 2030; and (b) establishment of an adequately staffed Tariff Unit at the AMS (<i>revised deadline</i>)		
	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 (<i>new</i>)	-	200,000
	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 approved under the Electricity Tariff Paper (<i>new</i>)	-	200,000
	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 (<i>new</i>)	-	200,000
	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 (<i>new</i>)	-	200,000
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	8,000,000	-
	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	2,000,000	-
	DLR 2.3: By December 31, 2020, the Recipient converts into equity ownership of BT the outstanding principal amounts and interest payable under additional four (4) Group 1 Subsidiary Agreements	2,400,000	-
	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	4,600,000	-



Disbursement Linked Indicators	Disbursement Linked Results	Amount Allocated Under Original Grant (US\$)	Amount Allocated under AF (US\$)
	legal documents between the Recipient and the financiers		
	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	2,000,000	-
	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 (<i>revised deadline and increased allocation</i>)	5,600,000	1,500,000
	DLR 2.7: By June 30, 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 (<i>revised deadline and increased allocation</i>)	1,400,000	-
	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 (<i>revised deadline and increased allocation</i>)	5,600,000	1,500,000
	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 (<i>increased allocation</i>)	1,400,000	-



Disbursement Linked Indicators	Disbursement Linked Results	Amount Allocated Under Original Grant (US\$)	Amount Allocated under AF (US\$)
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 <i>(revised and increased allocation)</i>	1,960,000	3,000,000
	DLR 3.2: By December 31, 2023, the Electricity Sector's Cash Deficit does not exceed TJS 16 billion <i>(revised and increased allocation)</i>	4,200,000	3,000,000
	DLR 3.3: By December 31, 2024, the Electricity Sector's Cash Deficit does not exceed TJS 16 billion <i>(revised and increased allocation)</i>	3,640,000	2,000,000
	DLR 3.4: By December 31, 2025, the Electricity Sector's Cash Deficit does not exceed TJS 16 billion <i>(revised and increased allocation)</i>	4,200,000	1,000,000
	DLR 3.5: By December 31, 2026, the Electricity Sector's Cash Deficit does not exceed TJS 15 billion <i>(revised and increased allocation)</i>	8,400,000	1,000,000
	DLR 3.6: By December 31, 2027, the Electricity Sector's Cash Deficit does not exceed TJS 13 billion <i>(revised and increased allocation)</i>	5,600,000	1,000,000
	DLR 3.7: By December 31, 2028, the Electricity Sector's Cash Deficit does not exceed TJS 11 billion <i>(new)</i>	-	1,000,000
	DLR 3.8: By December 31, 2029, the Electricity Sector's Cash Deficit does not exceed TJS 7 billion <i>(new)</i>	-	1,000,000
	DLR 3.9: By December 31, 2030, the Electricity Sector's Cash Deficit does not exceed TJS 2 billion <i>(new)</i>	-	1,000,000
	DLR 3.10: By December 31, 2031, the Electricity Sector does not have a Cash Deficit <i>(new)</i>	-	1,000,000
DLI #5: Adequate electricity supply is received by BT or the Designated Off-Taker from Sangtuda-1	DLR 5.1: By June 30, 2020, at least 1,000 GWh is received by BT	3,000,000	-
	DLR 5.2: By December 31, 2020, at least 800 GWh is received by BT	3,000,000	-
	DLR 5.3: By June 30, 2021, at least 1,000 GWh is received by BT	3,000,000	-
	DLR 5.4: By December 31, 2021, at least 800 GWh is received by BT	3,000,000	-
	DLR 5.5: By December 31, 2022, at least 1,800 GWh is received by BT or the new Designated Off-taker <i>(revised)</i>	2,000,000	500,000
	DLR 5.6: By December 31, 2023, at least 1,800 GWh is received by BT or the new Designated Off-taker <i>(revised)</i>	1,000,000	500,000



Disbursement Linked Indicators	Disbursement Linked Results	Amount Allocated Under Original Grant (US\$)	Amount Allocated under AF (US\$)
	DLR 5.7: By December 31, 2024, at least 1,800 GWh is received by BT or the new Designated Off-taker <i>(revised)</i>	1,000,000	500,000
	DLR 5.8: By December 31, 2025, at least 1,800 GWh is received by BT or the new Designated Off-taker <i>(revised)</i>	1,000,000	500,000
	DLR 5.9: By December 31, 2026, at least 1,800 GWh is received by BT or the new Designated Off-taker <i>(new)</i>	-	200,000
	DLR 5.10: By December 31, 2027, at least 1,800 GWh is received by BT or the new Designated Off-taker <i>(new)</i>	-	200,000
	DLR 5.11: By December 31, 2028, at least 1,800 GWh is received by BT or the new Designated Off-taker <i>(new)</i>	-	200,000
	DLR 5.12: By December 31, 2029, at least 1,800 GWh is received by BT or the new Designated Off-taker <i>(new)</i>	-	200,000
	DLR 5.13: By December 31, 2030, at least 1,800 GWh is received by BT or the new Designated Off-taker <i>(new)</i>	-	200,000
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 <i>(revised deadline and increased allocation)</i>	3,900,000	1,100,000
	DLR 7.2: By February 28, 2023, MEWR approves the updated GEP <i>(revised deadline and increase allocation)</i>	5,000,000	600,000
	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 <i>(revised deadline and increased allocation)</i>	4,000,000	300,000
	DLR 7.4: By December 31, 2024, new generation, transmission, and distribution projects initiated by BT, SIB, STB respectively or the Recipient’s government are consistent with the approved plans <i>(revised deadline and increased allocation)</i>	1,000,000	300,000
	DLR 7.5: By December 31, 2025, new	500,000	200,000



Disbursement Linked Indicators	Disbursement Linked Results	Amount Allocated Under Original Grant (US\$)	Amount Allocated under AF (US\$)
	generation, transmission, and distribution projects initiated by BT, SIB, STB respectively or the Recipient's government are consistent with the approved plans (<i>revised deadline and increased allocation</i>)		
	DLR 7.6: By December 31, 2026, new generation, transmission, and distribution projects initiated by BT, SIB, STB respectively or the Recipient's government are consistent with the approved plans (<i>revised deadline and increased allocation</i>)	500,000	200,000
	DLR 7.7: By December 31, 2027, new generation, transmission, and distribution projects initiated by BT, SIB, STB respectively or the Recipient's government are consistent with the approved plans (<i>new</i>)	-	200,000
	DLR 7.8: By December 31, 2028, new generation, transmission, and distribution projects initiated by BT, SIB, STB respectively or the Recipient's government are consistent with the approved plans (<i>new</i>)	-	100,000
	DLR 7.9: By December 31, 2029, new generation, transmission, and distribution projects initiated by BT, SIB, STB respectively or the Recipient's government are consistent with the approved plans (<i>new</i>)	-	100,000
	DLR 7.10: By December 31, 2030, new generation, transmission, and distribution projects initiated by BT, SIB, STB respectively or the Recipient's government are consistent with the approved plans (<i>new</i>)	-	100,000
DLI #8: Implementation of good practice corporate governance at BT, SIB, and STB	DLR 8.1: By July 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 (<i>revised</i>)	4,000,000	-
	DLR 8.2: By July 31, 2022, supervisory boards and specialized committees are functional (<i>revised deadline</i>)	5,000,000	-
	DLR 8.3: By December 31, 2022, supervisory boards and specialized committees are functional (<i>revised deadline and increased allocation</i>)	4,000,000	700,000
	DLR 8.4: By December 31, 2023, supervisory	2,000,000	600,000



Disbursement Linked Indicators	Disbursement Linked Results	Amount Allocated Under Original Grant (US\$)	Amount Allocated under AF (US\$)
	boards and specialized committees are functional (<i>revised deadline and increased allocation</i>)		
	DLR 8.5: By December 31, 2024, supervisory boards and specialized committees are functional (<i>revised deadline and increased allocation</i>)	1,000,000	100,000
	DLR 8.6: By December 31, 2025, supervisory boards and specialized committees are functional (<i>revised deadline and increased allocation</i>)	500,000	100,000
	DLR 8.7: By December 31, 2026, supervisory boards and specialized committees are functional (<i>revised deadline and increased allocation</i>)	500,000	100,000
	DLR 8.8: By December 31, 2027, supervisory boards and specialized committees are functional (<i>new</i>)	-	100,000
	DLR 8.9: By December 31, 2028, supervisory boards and specialized committees are functional (<i>new</i>)	-	100,000
	DLR 8.10: By December 31, 2029, supervisory boards and specialized committees are functional (<i>new</i>)	-	100,000
	DLR 8.11: By December 31, 2030, supervisory boards and specialized committees are functional (<i>new</i>)	-	100,000
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	1,100,000	-
	DLR 9.2: By December 31, 2021, BT publishes on its website key quarterly operational data and unaudited financial statement for 2020	1,000,000	-
	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 (<i>revised and increased allocation</i>)	1,000,000	400,000
	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 (<i>revised and increased allocation</i>)	1,000,000	100,000
	DLR 9.5: By December 31, 2024, BT, SIB, and STB publish on their websites key quarterly	500,000	100,000



Disbursement Linked Indicators	Disbursement Linked Results	Amount Allocated Under Original Grant (US\$)	Amount Allocated under AF (US\$)
	operational data and unaudited financial statements for 2023 <i>(revised and increased allocation)</i>		
	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 <i>(revised and increased allocation)</i>	500,000	50,000
	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 <i>(new)</i>	-	50,000
	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 <i>(new)</i>	-	50,000
	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 <i>(new)</i>	-	50,000
	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 <i>(new)</i>	-	50,000
	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 <i>(new)</i>	-	50,000
DLI #10: Reduction of electricity sector costs <i>(new)</i>	DLR 10.1: By December 31, 2022, (a) BT purchases fuel oil through international competitive process; and (b) BT's stock of fuel oil does not exceed the level required for emergency supply of heat	-	7,000,000
	DLR 10.2: By December 31, 2023, (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) 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	-	7,000,000
	DLR 10.3: By December 31, 2024, (a) BT purchases fuel oil through international competitive process; (b) BT's stock of fuel oil does not exceed the level required for	-	1,000,000



Disbursement Linked Indicators	Disbursement Linked Results	Amount Allocated Under Original Grant (US\$)	Amount Allocated under AF (US\$)
	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 2023 levels adjusted by the annual 2024 inflation		
	DLR 10.4: By December 31, 2025, (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 materials, services, and fixed asset maintenance of BT, SIB, and STB do not exceed the 2024 levels adjusted by the annual 2025 inflation	-	1,000,000
	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	-	1,000,000
	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	-	500,000
	DLR 10.7: By December 31, 2028, (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 2027 levels adjusted by the annual 2028 inflation	-	500,000
	DLR 10.8: By December 31, 2029, (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	-	500,000



Disbursement Linked Indicators	Disbursement Linked Results	Amount Allocated Under Original Grant (US\$)	Amount Allocated under AF (US\$)
	maintenance of BT, SIB, and STB do not exceed their respective 2028 levels adjusted by the annual 2029 inflation		
	DLR 10.9: By December 31, 2030, (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 2029 levels adjusted by the annual 2030 inflation	-	500,000
DLI #11: Improved prioritization, predictability, and transparency of cash flows in the electricity sector (new)	DLR 11.1: By September 30, 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 to include US\$20 million payment under subsidiary agreements with MOF and settlement of other existing liabilities	-	9,300,000
	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 existing liabilities including payments on sovereign-guaranteed debt	-	9,300,000
	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 existing liabilities including payments on sovereign-guaranteed debt	-	2,000,000
	DLR 11.4: 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 existing liabilities including payments on sovereign-guaranteed debt	-	2,000,000
	DLR 11.5: By June 30, 2024, (a) collection and distribution of electricity sector revenues from	-	1,000,000



Disbursement Linked Indicators	Disbursement Linked Results	Amount Allocated Under Original Grant (US\$)	Amount Allocated under AF (US\$)
	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 existing liabilities including payments on sovereign-guaranteed debt		
	DLR 11.6: By December 31, 2024, (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 existing liabilities including payments on sovereign-guaranteed debt	-	1,000,000
	DLR 11.7: By December 31, 2025, (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 existing liabilities including payments on sovereign-guaranteed debt	-	400,000
	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 existing liabilities including payments on sovereign-guaranteed debt	-	400,000
	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 existing liabilities including payments on sovereign-guaranteed debt	-	400,000
	DLR 11.10: By December 31, 2028, (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 existing liabilities including payments on sovereign-guaranteed debt	-	400,000



Disbursement Linked Indicators	Disbursement Linked Results	Amount Allocated Under Original Grant (US\$)	Amount Allocated under AF (US\$)
	DLR 11.11: By December 31, 2029, (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 existing liabilities including payments on sovereign-guaranteed debt	-	400,000
	DLR 11.12: By December 31, 2030, (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 existing liabilities including payments on sovereign-guaranteed debt	-	400,000
Total		134,000,000	80,000,000



Bank Disbursement Arrangements

DLI	Bank financing allocated to the DLI (AF)	Prior DLI (US\$ million)	Deadline for DLI Achievement	Minimum DLI value to be achieved to trigger disbursements of Bank Financing	Maximum DLI value(s) expected to be achieved for Bank disbursements purposes	Determination of Financing Amount to be disbursed against achieved and verified DLI value(s)
DLI 1: Achievement of cost-recovery end-user tariffs	US\$7,000,000					
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.	US\$2,200,000	-	Nov. 30, 2022	At least 12 percent increase of weighted average end-user tariff.	N/A	100 percent disbursement for full compliance. No disbursement in case of partial or complete non-compliance.
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.	US\$2,100,000	-	Dec. 31, 2023	At least annual adjustment of generation, transmission, distribution and end-user tariffs as per new tariff methodology and consistent with the targets approved under the Electricity Tariff Paper.	N/A	100 percent disbursement for full compliance. No disbursement in case of partial or complete non-compliance.
DLR 1.3: By December 31, 2024, at least annual adjustment of generation, transmission, distribution and end-user tariffs as per new tariff methodology and consistent with the targets approved under the Electricity Tariff Paper.	US\$500,000	-	Dec. 31, 2024	Adjustment of generation, transmission, distribution and end-user tariffs as per new tariff methodology and consistent with the targets approved under the Electricity Tariff Paper.	N/A	100 percent disbursement for full compliance. No disbursement in case of partial or complete non-compliance.
DLR 1.4: By December 31, 2025, at least annual adjustment of generation, transmission, distribution and end-user tariffs as per new tariff methodology and consistent with the targets approved under the Electricity Tariff Paper.	US\$500,000	-	Dec. 31, 2025	Adjustment of generation, transmission, distribution and end-user tariffs as per new tariff methodology and consistent with the targets approved under the Electricity Tariff Paper.	N/A	100 percent disbursement for full compliance. No disbursement in case of partial or complete non-compliance.
DLR 1.5: By December 31, 2026, at least annual adjustment of generation, transmission, distribution and end-user tariffs as per new tariff methodology	US\$500,000	-	Dec. 31, 2026	Adjustment of generation, transmission, distribution and end-user tariffs as per new tariff methodology and consistent with	N/A	100 percent disbursement for full compliance. No disbursement in case of partial or complete non-



DLI	Bank financing allocated to the DLI (AF)	Prior DLI (US\$ million)	Deadline for DLI Achievement	Minimum DLI value to be achieved to trigger disbursements of Bank Financing	Maximum DLI value(s) expected to be achieved for Bank disbursements purposes	Determination of Financing Amount to be disbursed against achieved and verified DLI value(s)
and consistent with the targets approved under the Electricity Tariff Paper.				the targets approved under the Electricity Tariff Paper.		compliance.
DLR 1.6: By Dec. 31, 2027, at least annual adjustment of generation, transmission, distribution and end-user tariffs as per new tariff methodology and consistent with the targets approved under the Electricity Tariff Paper.	US\$200,000	-	Dec. 31, 2027	Adjustment of generation, transmission, distribution and end-user tariffs as per new tariff methodology and consistent with the targets approved under the Electricity Tariff Paper.	N/A	100 percent disbursement for full compliance. No disbursement in case of partial or complete non-compliance.
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 2031; and (b) establishment of an adequately staffed Tariff Unit at the AMS	US\$200,000	-	Sep. 30, 2022	Adequately staffed Tariff Unit at AMS is established; approval of the Electricity Tariff Paper (which may be updated) with estimated full cost-recovery tariff and tariff adjustment plan to reach full cost-recovery by the end of 2031.	N/A	100 percent disbursement for full compliance. No disbursement in case of partial or complete non-compliance.
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.	US\$200,000	-	Dec. 31, 2028	Adjustment of generation, transmission, distribution and end-user tariffs as per new tariff methodology and consistent with the targets approved under the Electricity Tariff Paper.	N/A	100 percent disbursement for full compliance. No disbursement in case of partial or complete non-compliance.
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 approved under the Electricity Tariff Paper.	US\$200,000	-	Dec. 31, 2029	Adjustment of generation, transmission, distribution and end-user tariffs as per new tariff methodology and consistent with the targets approved under the Electricity Tariff Paper.	N/A	100 percent disbursement for full compliance. No disbursement in case of partial or complete non-compliance.



DLI	Bank financing allocated to the DLI (AF)	Prior DLI (US\$ million)	Deadline for DLI Achievement	Minimum DLI value to be achieved to trigger disbursements of Bank Financing	Maximum DLI value(s) expected to be achieved for Bank disbursements purposes	Determination of Financing Amount to be disbursed against achieved and verified DLI value(s)
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.	US\$200,000	-	Dec. 31, 2030	Adjustment of generation, transmission, distribution and end-user tariffs as per new tariff methodology and consistent with the targets approved under the Electricity Tariff Paper.	N/A	100 percent disbursement for full compliance. No disbursement in case of partial or complete non-compliance.
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.	US\$200,000	-	Dec. 31, 2031	Adjustment of generation, transmission, distribution and end-user tariffs as per new tariff methodology and consistent with the targets approved under the Electricity Tariff Paper.	N/A	100 percent disbursement for full compliance. No disbursement in case of partial or complete non-compliance.
DLI 2: Revision of the Subsidiary Agreements between the MOF and BT	US\$3,000,000					
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	-	-	Oct. 30, 2020	Conversion into equity of the outstanding principal amounts and interest payable for any ten loans under Group 1 Subsidiary Agreements.	Conversion into equity of the outstanding principal amounts and interest payable for any ten loans under Group 1 Subsidiary Agreements.	100 percent disbursement for full compliance. No disbursement in case of partial or complete non-compliance.
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	-	-	Oct. 30, 2020	The financial 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.	The financial terms of any new financing received by BT from the MOF are aligned with the terms in the legal documents between the Recipient and the financiers.	100 percent disbursement for full compliance. No disbursement in case of partial or complete non-compliance.
DLR 2.3: By December 31, 2020, the Recipient converts into equity ownership of BT the outstanding principal amounts and interest payable under additional four (4) Group 1 Subsidiary Agreements	-	-	Dec. 31, 2020	Conversion into equity of the outstanding principal amounts and interest payable for any three additional loans under Group 1 Subsidiary Agreements.	Conversion into equity of the outstanding principal amounts and interest payable for any three additional loans under Group 1 Subsidiary Agreements.	100 percent disbursement for full compliance. No disbursement in case of partial or complete non-compliance.



DLI	Bank financing allocated to the DLI (AF)	Prior DLI (US\$ million)	Deadline for DLI Achievement	Minimum DLI value to be achieved to trigger disbursements of Bank Financing	Maximum DLI value(s) expected to be achieved for Bank disbursements purposes	Determination of Financing Amount to be disbursed against achieved and verified DLI value(s)
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	-		Dec. 31, 2020	Decision by the Supervisory Board of BT prohibiting receiving financial resources under terms, which are not aligned with the terms of financing in the legal documents between the Recipient and the financiers.	Decision by the Supervisory Board of BT prohibiting receiving financial resources under terms, which are not aligned with the terms of financing in the legal documents between the Recipient and the financiers.	100 percent disbursement for full compliance. No disbursement in case of partial or complete non-compliance.
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	-	-	Dec. 31, 2020	The financial 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.	The financial terms of any new financing received by BT from the MOF are aligned with the terms in the legal documents between the Recipient and the financiers.	100 percent disbursement for full compliance. No disbursement in case of partial or complete non-compliance.
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	US\$,500,000	-	Sep. 30, 2022	<ul style="list-style-type: none"> a. Revision of the terms of any seven loans from Group 2 Subsidiary Agreements to align those with the terms in the respective legal documents between the Recipient and the financiers. b. The Recipient converts into equity the difference between the original and revised interest payable by BT to the MOF under each of the seven 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. 	<ul style="list-style-type: none"> a. Revision of the terms of any seven loans from Group 2 Subsidiary Agreements to align those with the terms in the respective legal documents between the Recipient and the financiers. b. The Recipient converts into equity the difference between the original and revised interest payable by BT to the MOF under each of the seven 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 	100 percent disbursement for full compliance. No disbursement in case of partial or complete non-compliance.



DLI	Bank financing allocated to the DLI (AF)	Prior DLI (US\$ million)	Deadline for DLI Achievement	Minimum DLI value to be achieved to trigger disbursements of Bank Financing	Maximum DLI value(s) expected to be achieved for Bank disbursements purposes	Determination of Financing Amount to be disbursed against achieved and verified DLI value(s)
					Subsidiary Agreements.	
DLR 2.7: By June 30, 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	-	-	June 30, 2021	The financial 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.	The financial terms of any new financing received by BT from the MOF are aligned with the terms in the legal documents between the Recipient and the financiers.	100 percent disbursement for full compliance. No disbursement in case of partial or complete non-compliance.
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	US\$1,500,000	-	Sep. 30, 2022	<ul style="list-style-type: none"> a. Revision of the terms of any seven loans from Group 2 Subsidiary Agreements to align those with the terms in the respective legal documents between the Recipient and the financiers. b. The Recipient converts into equity the difference between the original and revised interest payable by BT to the MOF under each of the seven 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. 	<ul style="list-style-type: none"> a. Revision of the terms of any seven loans from Group 2 Subsidiary Agreements to align those with the terms in the respective legal documents between the Recipient and the financiers. b. The Recipient converts into equity the difference between the original and revised interest payable by BT to the MOF under each of the seven 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. 	100 percent disbursement for full compliance. No disbursement in case of partial or complete non-compliance.
DLR 2.9: By December 31, 2021, the terms of any new financing received by BT from the MOF are aligned with the	-	-	Dec. 31, 2021	The financial terms of any new financing received by BT from the MOF are aligned with the terms	The financial terms of any new financing received by BT from the MOF are aligned	100 percent disbursement for full compliance. No disbursement in case of



DLI	Bank financing allocated to the DLI (AF)	Prior DLI (US\$ million)	Deadline for DLI Achievement	Minimum DLI value to be achieved to trigger disbursements of Bank Financing	Maximum DLI value(s) expected to be achieved for Bank disbursements purposes	Determination of Financing Amount to be disbursed against achieved and verified DLI value(s)
terms in the respective legal documents between the Recipient and the financiers				in the respective legal documents between the Recipient and the financiers.	with the terms in the legal documents between the Recipient and the financiers.	partial or complete non-compliance.
DLI 3: Electricity sector's cash deficit	US\$15,000,000					
DLR 3.1: By December 31, 2022, electricity sector's cash deficit does not exceed TJS 14 billion.	US\$3,000,000	-	Dec. 31, 2022	Cash deficit not exceeding TJS 14 billion.	Any other lower value.	100 percent disbursement for full compliance. No disbursement in case of partial or complete non-compliance.
DLR 3.2: By December 31, 2023, electricity sector's cash deficit does not exceed TJS 16 billion.	US\$3,000,000	-	Dec. 31, 2023	Cash deficit not exceeding TJS 16 billion.	Any other lower value.	100 percent disbursement for full compliance. No disbursement in case of partial or complete non-compliance.
DLR 3.3: By December 31, 2024, electricity sector's cash deficit does not exceed TJS 16 billion.	US\$2,000,000	-	Dec. 31, 2024	Cash deficit not exceeding TJS 16 billion.	Any other lower value.	100 percent disbursement for full compliance. No disbursement in case of partial or complete non-compliance.
DLR 3.4: By December 31, 2025, electricity sector's cash deficit does not exceed TJS 16 billion.	US\$1,000,000	-	Dec. 31, 2025	Cash deficit not exceeding TJS 16 billion.	Any other lower value.	100 percent disbursement for full compliance. No disbursement in case of partial or complete non-compliance.
DLR 3.5: By December 31, 2026, electricity sector's cash deficit does not exceed TJS 15 billion.	US\$1,000,000	-	Dec. 31, 2026	Cash deficit not exceeding TJS 15 billion.	Any other lower value.	100 percent disbursement for full compliance. No disbursement in case of partial or complete non-compliance.
DLR 3.6: By December 31, 2027, electricity sector's cash deficit does not exceed TJS 13 billion.	US\$1,000,000	-	Dec. 31, 2027	Cash deficit not exceeding TJS 13 billion.	Any other lower value.	100 percent disbursement for full compliance. No disbursement in case of partial or complete non-



DLI	Bank financing allocated to the DLI (AF)	Prior DLI (US\$ million)	Deadline for DLI Achievement	Minimum DLI value to be achieved to trigger disbursements of Bank Financing	Maximum DLI value(s) expected to be achieved for Bank disbursements purposes	Determination of Financing Amount to be disbursed against achieved and verified DLI value(s)
						compliance.
DLR 3.7: By December 31, 2028, electricity sector's cash deficit does not exceed TJS 11 billion.	US\$1,000,000	-	Dec. 31, 2028	Cash deficit not exceeding TJS 11 billion.		100 percent disbursement for full compliance. No disbursement in case of partial or complete non-compliance.
DLR 3.8: By December 31, 2029, electricity sector's cash deficit does not exceed TJS 7 billion.	US\$1,000,000	-	Dec. 31, 2029	Cash deficit not exceeding TJS 7 billion.	Any other lower value.	100 percent disbursement for full compliance. No disbursement in case of partial or complete non-compliance.
DLR 3.9: By December 31, 2030, electricity sector's cash deficit does not exceed TJS 2 billion.	US\$1,000,000	-	Dec. 31, 2030	Cash deficit not exceeding TJS 2 billion.	Any other lower value.	100 percent disbursement for full compliance. No disbursement in case of partial or complete non-compliance.
DLR 3.10: By December 31, 2031, electricity sector does not have a cash deficit	US\$1,000,000	-	Dec. 31, 2031	No cash deficit.	The electricity sector has a net profit.	100 percent disbursement for full compliance. No disbursement in case of partial or complete non-compliance.
DLI 5: Adequate electricity supply is received by BT or the Designated Off-Taker from Sangtuda-1 power plant	US\$3,000,000	-	- For 1 st semester of 2020: June 30, 2020. - For 2 nd semester of 2020: Dec. 31, 2020. - For 1 st semester of 2021: June 30, 2021. - For 2 nd semester of 2021: Dec. 31, 2021.	- For 1 st semester of 2020: at least 1,000 GWh is received by BT. - For 2 nd semester of 2020: At least 800 GWh is received by BT. - For 1 st semester of 2021: At least 1,000 GWh is received by BT. - For 2 nd semester of 2021: At least 800 GWh is received by BT.	N/A	- For 1 st semester of 2020: 0 - For 2 nd semester of 2020: 0 - For 1 st semester of 2021: 0 - For 2 nd semester of 2021: 0 - For 2022: US\$500,000 - For 2023: US\$500,000 - For 2024: US\$500,000 - For 2025: US\$500,000 - For 2026: US\$200,000 - For 2027: US\$200,000 - For 2028: US\$200,000 - For 2029: US\$200,000



DLI	Bank financing allocated to the DLI (AF)	Prior DLI (US\$ million)	Deadline for DLI Achievement	Minimum DLI value to be achieved to trigger disbursements of Bank Financing	Maximum DLI value(s) expected to be achieved for Bank disbursements purposes	Determination of Financing Amount to be disbursed against achieved and verified DLI value(s)
			<ul style="list-style-type: none"> - For 2022: Dec. 31, 2022. - For 2023: Dec. 31, 2023. - For 2024: Dec. 31, 2024. - For 2025: Dec. 31, 2025. - For 2026: Dec. 2026 - For 2027: Dec. 2027 - For 2028: Dec. 2028 - For 2029: Dec. 2029 - For 2030: Dec. 2030 	<ul style="list-style-type: none"> - For 2022: At least 1,800 GWh is received by BT. - For 2023: At least 1,800 GWh is received by BT. - For 2024: At least 1,800 GWh is received by BT. - For 2025: At least 1,800 GWh is received by BT. - For 2026: At least 1,800 GWh is received by BT. - For 2027: At least 1,800 GWh is received by BT. - For 2028: At least 1,800 GWh is received by BT. - For 2029: At least 1,800 GWh is received by BT. - For 2030: At least 1,800 GWh is received by BT. 		- For 2030: US\$200,000
DLI 7: Use of technically, economically, and financially sound principles for the Recipient’s investment decision-making in electricity generation, transmission, and distribution	US\$3,100,000					
DLR 7.1: By October 30, 2022, MEWR completes the update of GEP.	US\$1,100,000	-	Oct. 30, 2022	Update of GEP is completed.	N/A	100 percent disbursement for full compliance. No disbursement in case of partial or complete non-compliance.
DLR 7.2: By February 28, 2023, MEWR approves the updated GEP.	US\$600,000	-	Feb. 28, 2023	Updated GEP is approved.	N/A	100 percent disbursement for full compliance. No disbursement in case of partial or complete non-compliance.



DLI	Bank financing allocated to the DLI (AF)	Prior DLI (US\$ million)	Deadline for DLI Achievement	Minimum DLI value to be achieved to trigger disbursements of Bank Financing	Maximum DLI value(s) expected to be achieved for Bank disbursements purposes	Determination of Financing Amount to be disbursed against achieved and verified DLI value(s)
DLR 7.3: By December 31, 2023, new generation investment decisions are made by the Recipient in accordance with the updated GEP; T&D network development plans, based on GEP, are prepared by SIB and STB respectively and approved by MEWR.	US\$300,000	-	Dec. 31, 2023	Generation investments and investment decisions are made in accordance with updated GEP; T&D network development plans, based on GEP, are prepared and adopted.	N/A	100 percent disbursement for full compliance. No disbursement in case of partial or complete non-compliance.
DLR 7.4: By December 31, 2024, new generation, transmission, and distribution projects initiated by BT, SIB, STB respectively or the Recipient's government are consistent with the approved plans.	US\$300,000	-	Dec. 31, 2024	Generation as well as T&D investments and investment decisions are made consistent with adopted plans.	N/A	100 percent disbursement for full compliance. No disbursement in case of partial or complete non-compliance.
DLR 7.5: By December 31, 2025, new generation, transmission, and distribution projects initiated by BT, SIB, STB respectively or the Recipient's government are consistent with the approved plans.	US\$200,000	-	Dec. 31, 2025	Generation as well as T&D investments and investment decisions are made consistent with adopted plans.	N/A	100 percent disbursement for full compliance. No disbursement in case of partial or complete non-compliance.
DLR 7.6: By December 31, 2026, new generation, transmission, and distribution projects initiated by BT, SIB, STB respectively or the Recipient's government are consistent with the approved plans.	US\$200,000	-	Dec. 31, 2026	Generation as well as T&D investments and investment decisions are made consistent with adopted plans.	N/A	100 percent disbursement for full compliance. No disbursement in case of partial or complete non-compliance.
DLI 7.7: By December 31, 2027, new generation, transmission, and distribution projects initiated by BT, SIB, STB respectively or the Recipient's government are consistent with the approved plans.	US\$200,000	-	Dec. 31, 2027	Generation as well as T&D investments and investment decisions are made consistent with adopted plans.	N/A	100 percent disbursement for full compliance. No disbursement in case of partial or complete non-compliance.
DLI 7.8: By December 31, 2028, new generation, transmission, and distribution projects initiated by BT, SIB,	US\$100,000	-	Dec. 31, 2028	Generation as well as T&D investments and investment decisions are made consistent	N/A	100 percent disbursement for full compliance. No disbursement in case of



DLI	Bank financing allocated to the DLI (AF)	Prior DLI (US\$ million)	Deadline for DLI Achievement	Minimum DLI value to be achieved to trigger disbursements of Bank Financing	Maximum DLI value(s) expected to be achieved for Bank disbursements purposes	Determination of Financing Amount to be disbursed against achieved and verified DLI value(s)
STB respectively or the Recipient's government are consistent with the approved plans.				with adopted plans.		partial or complete non-compliance.
DLI 7.9: By December 31, 2029, new generation, transmission, and distribution projects initiated by BT, SIB, STB respectively or the Recipient's government are consistent with the approved plans.	US\$100,000	-	Dec. 31, 2029	Generation as well as T&D investments and investment decisions are made consistent with adopted plans.	N/A	100 percent disbursement for full compliance. No disbursement in case of partial or complete non-compliance.
DLI 7.10: By December 31, 2030, new generation, transmission, and distribution projects initiated by BT, SIB, STB respectively or the Recipient's government are consistent with the approved plans.	US\$100,000	-	Dec. 31, 2030	Generation as well as T&D investments and investment decisions are made consistent with adopted plans.	N/A	100 percent disbursement for full compliance. No disbursement in case of partial or complete non-compliance.
DLI 8: Implementation of good practice corporate governance at BT, SIB, and STB	US\$2,000,000					
DLR 8.1: By July 31, 2022, SBs are functional and formed the specialized committees (audit and compensation committees) at formed at BT, SIB, and STB comprising of members of SBs and chaired by independent supervisory board members.	-	-	July 31, 2022	SBs are functional and form specialized committees (audit and compensation committees) at generation, transmission, and distribution companies, comprising of SB members and chaired by independent SB members.	N/A	100 percent disbursement for full compliance. No disbursement in case of partial or complete non-compliance.
DLR 8.2: By July 31, 2022, SBs and specialized committees are functional.	-	-	July 31, 2022	SBs and specialized committees are functional.	N/A	100 percent disbursement for full compliance. No disbursement in case of partial or complete non-compliance.
DLR 8.3: By December 31, 2022, SBs and specialized committees are functional.	US\$700,000	-	Dec. 31, 2022	SBs and specialized committees are functional.	N/A	100 percent disbursement for full compliance. No disbursement in case of



DLI	Bank financing allocated to the DLI (AF)	Prior DLI (US\$ million)	Deadline for DLI Achievement	Minimum DLI value to be achieved to trigger disbursements of Bank Financing	Maximum DLI value(s) expected to be achieved for Bank disbursements purposes	Determination of Financing Amount to be disbursed against achieved and verified DLI value(s)
						partial or complete non-compliance.
DLR 8.4: By December 31, 2023, SBs and specialized committees are functional.	US\$600,000	-	Dec. 31, 2023	SBs and specialized committees are functional.	N/A	100 percent disbursement for full compliance. No disbursement in case of partial or complete non-compliance.
DLR 8.5: By December 31, 2024, SBs and specialized committees are functional.	US\$100,000	-	Dec. 31, 2024	SBs and specialized committees are functional.	N/A	100 percent disbursement for full compliance. No disbursement in case of partial or complete non-compliance.
DLR 8.6: By December 31, 2025, SBs and specialized committees are functional.	US\$100,000	-	Dec.31, 2025	SBs and specialized committees are functional.	N/A	100 percent disbursement for full compliance. No disbursement in case of partial or complete non-compliance.
DLR 8.7: By December 31, 2026, SBs and specialized committees are functional.	US\$100,000	-	Dec. 31, 2026	SBs and specialized committees are functional.	N/A	100 percent disbursement for full compliance. No disbursement in case of partial or complete non-compliance.
DLR 8.8: By December 31, 2027, SBs and specialized committees are functional.	US\$100,000	-	Dec. 31, 2027	SBs and specialized committees are functional.	N/A	100 percent disbursement for full compliance. No disbursement in case of partial or complete non-compliance.
DLR 8.9: By December 31, 2028, SBs and specialized committees are functional.	US\$100,000	-	Dec. 31, 2028	SBs and specialized committees are functional.	N/A	100 percent disbursement for full compliance. No disbursement in case of partial or complete non-compliance.



DLI	Bank financing allocated to the DLI (AF)	Prior DLI (US\$ million)	Deadline for DLI Achievement	Minimum DLI value to be achieved to trigger disbursements of Bank Financing	Maximum DLI value(s) expected to be achieved for Bank disbursements purposes	Determination of Financing Amount to be disbursed against achieved and verified DLI value(s)
DLR 8.10: By December 31, 2029, SBs and specialized committees are functional.	US\$100,000	-	Dec. 31, 2029	SBs and specialized committees are functional.	N/A	100 percent disbursement for full compliance. No disbursement in case of partial or complete non-compliance.
DLR 8.11: By December 31, 2030, SBs and specialized committees are functional.	US\$100,000	-	Dec. 31, 2030	SBs and specialized committees are functional.	N/A	100 percent disbursement for full compliance. No disbursement in case of partial or complete non-compliance.
DLI 9: Improvement of operational and financial transparency of BT, SIB, and STB	US\$900,000					
DLR 9.1: BT publishes on its website the key quarterly operational data and quarterly un-audited financial statements for 2019.	-	-	Dec. 31, 2020	BT, SIB, and STB publish on their websites the key quarterly operational and financial data for 2019.	N/A	100 percent disbursement for full compliance. No disbursement in case of partial or complete non-compliance.
DLR 9.2: By December 31, 2021, BT publishes on its website the key quarterly operational data and quarterly un-audited financial statements for 2020.	-	-	Dec. 31, 2021	BT, SIB, and STB publish on their websites the key quarterly operational and financial data for 2020.	N/A	100 percent disbursement for full compliance. No disbursement in case of partial or complete non-compliance.
DLR 9.3: By December 31, 2022, BT, SIB, and STB publish on their websites the key quarterly operational data and quarterly un-audited financial statements for 2021.	US\$400,000	-	Dec. 31, 2022	BT, SIB, and STB publish on their websites the key quarterly operational and financial data for 2021.	N/A	100 percent disbursement for full compliance. No disbursement in case of partial or complete non-compliance.
DLR 9.4: By December 31, 2023, BT, SIB, and STB publish on their websites the key quarterly operational data and quarterly un-audited financial statements for 2022.	US\$100,000	-	Dec. 31, 2023	BT, SIB, and STB publish on their websites the key quarterly operational and financial data for 2022.	N/A	100 percent disbursement for full compliance. No disbursement in case of partial or complete non-compliance.



DLI	Bank financing allocated to the DLI (AF)	Prior DLI (US\$ million)	Deadline for DLI Achievement	Minimum DLI value to be achieved to trigger disbursements of Bank Financing	Maximum DLI value(s) expected to be achieved for Bank disbursements purposes	Determination of Financing Amount to be disbursed against achieved and verified DLI value(s)
DLR 9.5: By December 31, 2024, BT, SIB, and STB publish on their websites the key quarterly operational data and quarterly un-audited financial statements for 2023.	US\$100,000	-	Dec. 31, 2024	BT, SIB, and STB publish on their websites the key quarterly operational and financial data for 2023.	N/A	100 percent disbursement for full compliance. No disbursement in case of partial or complete non-compliance.
DLR 9.6: By December 31, 2025, BT, SIB, and STB publish on their websites the key quarterly operational data and quarterly un-audited financial statements for 2024.	US\$50,000	-	Dec. 31, 2025	BT, SIB, and STB publish on their websites the key quarterly operational and financial data for 2024.	N/A	100 percent disbursement for full compliance. No disbursement in case of partial or complete non-compliance.
DLR 9.7: By December 31, 2026, BT, SIB, and STB publish on their websites the key quarterly operational data and quarterly un-audited financial statements for 2025.	US\$50,000	-	Dec. 31, 2026	BT, SIB, and STB publish on their websites the key quarterly operational and financial data for 2025.	N/A	100 percent disbursement for full compliance. No disbursement in case of partial or complete non-compliance.
DLR 9.8: By December 31, 2027, BT, SIB, and STB publish on their websites the key quarterly operational data and quarterly un-audited financial statements for 2026.	US\$50,000	-	Dec. 31, 2027	BT, SIB, and STB publish on their websites the key quarterly operational and financial data for 2026.	N/A	100 percent disbursement for full compliance. No disbursement in case of partial or complete non-compliance.
DLR 9.9: By December 31, 2028, BT, SIB, and STB publish on their websites the key quarterly operational data and quarterly un-audited financial statements for 2027.	US\$50,000	-	Dec. 31, 2028	BT, SIB, and STB publish on their websites the key quarterly operational and financial data for 2027.	N/A	100 percent disbursement for full compliance. No disbursement in case of partial or complete non-compliance.
DLR 9.10: By December 31, 2029, BT, SIB, and STB publish on their websites the key quarterly operational data and quarterly un-audited financial statements for 2028.	US\$50,000	-	Dec. 31, 2029	BT, SIB, and STB publish on their websites the key quarterly operational and financial data for 2028.	N/A	100 percent disbursement for full compliance. No disbursement in case of partial or complete non-compliance.
DLR 9.10: By December 31, 2030, BT, SIB, and STB publish on their websites the key quarterly operational data and quarterly un-audited financial	US\$50,000	-	Dec. 31, 2030	BT, SIB, and STB publish on their websites the key quarterly operational and financial data for 2029.	N/A	100 percent disbursement for full compliance. No disbursement in case of partial or complete non-



DLI	Bank financing allocated to the DLI (AF)	Prior DLI (US\$ million)	Deadline for DLI Achievement	Minimum DLI value to be achieved to trigger disbursements of Bank Financing	Maximum DLI value(s) expected to be achieved for Bank disbursements purposes	Determination of Financing Amount to be disbursed against achieved and verified DLI value(s)
statements for 2029.						compliance.
DLI 10: Reduction of electricity sector costs	US\$19,000,000					
DLR 10.1: By December 31, 2022, (a) BT purchases fuel oil through international competitive process; and (b) BT's stock of fuel oil does not exceed the level required for emergency supply of heat	US\$7,000,000	-	Dec. 31, 2022	BT discontinues fuel purchases for thermal generation.	N/A	100 percent disbursement for full compliance. No disbursement in case of partial or complete non-compliance.
DLR 10.2: By December 31, 2023, (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) 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	US\$7,000,000	-	Dec. 31, 2023	5 percent reduction of each of the cost items mentioned.	N/A	100 percent disbursement for full compliance. No disbursement in case of partial or complete non-compliance.
DLR 10.3: By December 31, 2024, (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 2023 levels adjusted by the annual 2024 inflation	US\$1,000,000	-	Dec. 31, 2024	Costs cannot increase the previous year's level adjusted for inflation	N/A	100 percent disbursement for full compliance. No disbursement in case of partial or complete non-compliance.



DLI	Bank financing allocated to the DLI (AF)	Prior DLI (US\$ million)	Deadline for DLI Achievement	Minimum DLI value to be achieved to trigger disbursements of Bank Financing	Maximum DLI value(s) expected to be achieved for Bank disbursements purposes	Determination of Financing Amount to be disbursed against achieved and verified DLI value(s)
DLR 10.4: By December 31, 2025, (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 materials, services, and fixed asset maintenance of BT, SIB, and STB do not exceed the 2024 levels adjusted by the annual 2025 inflation	US\$1,000,000	-	Dec. 31, 2025	Costs cannot increase the previous year's level adjusted for inflation.	N/A	100 percent disbursement for full compliance. No disbursement in case of partial or complete non-compliance.
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	US\$1,000,000	-	Dec. 31, 2026	Costs cannot increase the previous year's level adjusted for inflation.	N/A	100 percent disbursement for full compliance. No disbursement in case of partial or complete non-compliance.
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	US\$500,000	-	Dec. 31, 2027	Costs cannot increase the previous year's level adjusted for inflation.	N/A	100 percent disbursement for full compliance. No disbursement in case of partial or complete non-compliance.
DLR 10.7: By December 31, 2028, (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,	US\$500,000	-	Dec. 31, 2028	Costs cannot increase the previous year's level adjusted for inflation.	N/A	100 percent disbursement for full compliance. No disbursement in case of partial or complete non-compliance.



DLI	Bank financing allocated to the DLI (AF)	Prior DLI (US\$ million)	Deadline for DLI Achievement	Minimum DLI value to be achieved to trigger disbursements of Bank Financing	Maximum DLI value(s) expected to be achieved for Bank disbursements purposes	Determination of Financing Amount to be disbursed against achieved and verified DLI value(s)
and fixed asset maintenance of BT, SIB, and STB do not exceed their respective 2027 levels adjusted by the annual 2028 inflation						
DLR 10.8: By December 31, 2029, (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 2028 levels adjusted by the annual 2029 inflation	US\$500,000	-	Dec. 31, 2029	Costs cannot increase the previous year's level adjusted for inflation.	N/A	100 percent disbursement for full compliance. No disbursement in case of partial or complete non-compliance.
DLR 10.9: By December 31, 2030, (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 2029 levels adjusted by the annual 2030 inflation	US\$500,000	-	Dec. 31, 2030	Costs cannot increase the previous year's level adjusted for inflation.	N/A	100 percent disbursement for full compliance. No disbursement in case of partial or complete non-compliance.
DLI 11: Improved prioritization, predictability, and transparency of cash flows in the electricity sector	US\$27,000,000					
DLR 11.1: By September 30, 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 to include US\$20 million payment	US\$9,300,000	-	Sep. 30, 2022	Collection and distribution of electricity sector revenues is done in compliance with the Government of Tajikistan Decree No. 500, dated November 25, 2021, and the Government of Tajikistan Decree No. 208, dated	N/A	100 percent disbursement for full compliance. No disbursement in case of partial or complete non-compliance.



DLI	Bank financing allocated to the DLI (AF)	Prior DLI (US\$ million)	Deadline for DLI Achievement	Minimum DLI value to be achieved to trigger disbursements of Bank Financing	Maximum DLI value(s) expected to be achieved for Bank disbursements purposes	Determination of Financing Amount to be disbursed against achieved and verified DLI value(s)
under subsidiary agreements with MOF and settlement of other existing liabilities.				April 27, 2022 (Escrow Account Regulations).		
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 existing liabilities including payments on sovereign-guaranteed debt	US\$9,300,000	-	Dec. 31, 2022	Collection and distribution of electricity sector revenues is done in compliance with the Escrow Account Regulations.	N/A	100 percent disbursement for full compliance. No disbursement in case of partial or complete non-compliance.
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 existing liabilities including payments on sovereign-guaranteed debt.	US\$2,000,000	-	June 30, 2023	Collection and distribution of electricity sector revenues is done in compliance with the Escrow Account Regulations	N/A	100 percent disbursement for full compliance. No disbursement in case of partial or complete non-compliance.
DLR 11.4: 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 existing liabilities including payments on sovereign-guaranteed debt.	US\$2,000,000	-	Dec. 31, 2023	Collection and distribution of electricity sector revenues is done in compliance with the Escrow Account Regulations.	N/A	100 percent disbursement for full compliance. No disbursement in case of partial or complete non-compliance.



DLI	Bank financing allocated to the DLI (AF)	Prior DLI (US\$ million)	Deadline for DLI Achievement	Minimum DLI value to be achieved to trigger disbursements of Bank Financing	Maximum DLI value(s) expected to be achieved for Bank disbursements purposes	Determination of Financing Amount to be disbursed against achieved and verified DLI value(s)
DLR 11.5: By June 30, 2024, (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 existing liabilities including payments on sovereign-guaranteed debt.	US\$1,000,000	-	June 30, 2024	Collection and distribution of electricity sector revenues is done in compliance with the Escrow Account Regulations.	N/A	100 percent disbursement for full compliance. No disbursement in case of partial or complete non-compliance.
DLR 11.6: By December 31, 2024, (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 existing liabilities including payments on sovereign-guaranteed debt.	US\$1,000,000	-	Dec. 31, 2024	Collection and distribution of electricity sector revenues is done in compliance with the Escrow Account Regulations.		100 percent disbursement for full compliance. No disbursement in case of partial or complete non-compliance.
DLR 11.7: By December 31, 2025, (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 existing liabilities including payments on sovereign-guaranteed debt.	US\$400,000	-	Dec. 31, 2025	Collection and distribution of electricity sector revenues is done in compliance with the Escrow Account Regulations.	N/A	100 percent disbursement for full compliance. No disbursement in case of partial or complete non-compliance.
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	US\$400,000	-	Dec. 31, 2026	Collection and distribution of electricity sector revenues is done in compliance with the Escrow Account Regulations.	N/A	100 percent disbursement for full compliance. No disbursement in case of partial or complete non-compliance.



DLI	Bank financing allocated to the DLI (AF)	Prior DLI (US\$ million)	Deadline for DLI Achievement	Minimum DLI value to be achieved to trigger disbursements of Bank Financing	Maximum DLI value(s) expected to be achieved for Bank disbursements purposes	Determination of Financing Amount to be disbursed against achieved and verified DLI value(s)
(b) expenditures from other account(s) of BT were prioritized consistent with the existing liabilities including payments on sovereign-guaranteed debt.						
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 existing liabilities including payments on sovereign-guaranteed debt.	US\$400,000	-	Dec. 31, 2027	Collection and distribution of electricity sector revenues is done in compliance with the Escrow Account Regulations.	N/A	100 percent disbursement for full compliance. No disbursement in case of partial or complete non-compliance.
DLR 11.10: By December 31, 2028, (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 existing liabilities including payments on sovereign-guaranteed debt.	US\$400,000	-	Dec. 31, 2028	Collection and distribution of electricity sector revenues is done in compliance with the Escrow Account Regulations.	N/A	100 percent disbursement for full compliance. No disbursement in case of partial or complete non-compliance.
DLR 11.11: By December 31, 2029, (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 existing liabilities including payments on sovereign-guaranteed debt.	US\$400,000	-	Dec. 31, 2029	Collection and distribution of electricity sector revenues is done in compliance with the Escrow Account Regulations.	N/A	100 percent disbursement for full compliance. No disbursement in case of partial or complete non-compliance.



DLI	Bank financing allocated to the DLI (AF)	Prior DLI (US\$ million)	Deadline for DLI Achievement	Minimum DLI value to be achieved to trigger disbursements of Bank Financing	Maximum DLI value(s) expected to be achieved for Bank disbursements purposes	Determination of Financing Amount to be disbursed against achieved and verified DLI value(s)
DLR 11.12: By December 31, 2030, (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 existing liabilities including payments on sovereign-guaranteed debt.	US\$400,000	-	Dec. 31, 2030	Collection and distribution of electricity sector revenues is done in compliance with the Escrow Account Regulations.	N/A	100 percent disbursement for full compliance. No disbursement in case of partial or complete non-compliance.



Verification Protocol

DLI	Definition/ Description of achievement	Scalability of Disbursements (Yes/No)	Protocol to evaluate achievement of the DLI and data/result verification		
			Data source/agency	Verification Entity	Procedure
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.	The target will be considered achieved if the increase of approved weighted average end-user tariff for 2022 is 12 percent considering the electricity consumption weights by various categories of consumers from previous year's actual data.	No	Data sources: copy of the Government Decree with approved electricity tariff increase and effectiveness date of the new tariffs. Agency: MEWR.	The Bank.	Confirmation by IVA whether the approved tariff increases for all categories of consumers would translate into 12 percent increase of weighted average tariff.
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.	The target will be considered achieved if: (a) tariff increases, over the previous year, for all categories of consumers are not less than the target for 2023 in the Electricity Tariff Paper; and (b) tariffs for electricity generation, transmission, distribution, other services (e.g., market operator, settlement center), and end-users are computed as per requirements of the tariff methodology.	No	Data sources: (a) copy of the Government Decree with approved electricity tariffs; (b) copy of the updated and approved Electricity Tariff Paper (if applicable). Agency: MEWR.	Tariff consultant under TOR acceptable to the Bank.	Verification by IVA of adjustment of electricity tariffs for generation, transmission, distribution, other services, and end-users to confirm whether: (a) tariffs are computed consistent with the requirements of the tariff methodology, and (b) the approved increases are consistent with the increase trajectory in the Electricity Tariff Paper.
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.	The target will be considered achieved if: (a) tariff increases, over the previous year, for all categories of consumers are not less than the target for 2024 in the Electricity Tariff Paper; and (b) tariffs for electricity generation, transmission, distribution, other services (e.g., market operator, settlement center), and end-users are computed as per requirements of the tariff methodology.	No	Data sources: (a) copy of the Government Decree with approved electricity tariffs; (b) copy of the updated and approved Electricity Tariff Paper (if applicable). Agency: MEWR.	Regulatory consultant under TOR acceptable to the Bank.	Verification by IVA of adjustment of electricity tariffs for generation, transmission, distribution, other services, and end-users to confirm whether: (a) tariffs are computed consistent with the requirements of the tariff methodology, and (b) the approved increases are consistent with the increase trajectory in the Electricity Tariff Paper.



DLI	Definition/ Description of achievement	Scalability of Disbursements (Yes/No)	Protocol to evaluate achievement of the DLI and data/result verification		
			Data source/agency	Verification Entity	Procedure
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.	The target will be considered achieved if: (a) tariff increases, over the previous year, for all categories of consumers are not less than the target for 2025 in the Electricity Tariff Paper; and (b) tariffs for electricity generation, transmission, distribution, other services (e.g., market operator, settlement center), and end-users are computed as per requirements of the tariff methodology.	No	Data sources: (a) copy of the Government Decree with approved electricity tariffs; (b) copy of the updated and approved Electricity Tariff Paper (if applicable). Agency: MEWR.	Regulatory consultant under TOR acceptable to the Bank.	Verification by IVA of adjustment of electricity tariffs for generation, transmission, distribution, other services, and end-users to confirm whether: (a) tariffs are computed consistent with the requirements of the tariff methodology, and (b) the approved increases are consistent with the increase trajectory in the Electricity Tariff Paper.
DLR 1.5: By December 31, 2026, 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.	The target will be considered achieved if: (a) tariff increases, over the previous year, for all categories of consumers are not less than the target for 2026 in the Electricity Tariff Paper; and (b) tariffs for electricity generation, transmission, distribution, other services (e.g., market operator, settlement center), and end-users are computed as per requirements of the tariff methodology.	No	Data sources: (a) copy of the Government Decree with approved electricity tariffs; (b) copy of the updated and approved Electricity Tariff Paper (if applicable). Agency: MEWR.	Regulatory consultant under TOR acceptable to The Bank.	Verification by IVA of adjustment of electricity tariffs for generation, transmission, distribution, other services, and end-users to confirm whether: (a) tariffs are computed consistent with the requirements of the tariff methodology, and (b) the approved increases are consistent with the increase trajectory in 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.	The target will be considered achieved if: (a) tariff increases, over the previous year, for all categories of consumers are not less than the target for 2027 in the Electricity Tariff Paper; and (b) tariffs for electricity generation, transmission, distribution, other services (e.g., market operator, settlement center), and end-users are computed as per requirements of the tariff methodology.	No	Data sources: (a) copy of the Government Decree with approved electricity tariffs; (b) copy of the updated and approved Electricity Tariff Paper (if applicable). Agency: MEWR.	Regulatory consultant under TOR acceptable to the Bank.	Verification by IVA of adjustment of electricity tariffs for generation, transmission, distribution, other services, and end-users to confirm whether: (a) tariffs are computed consistent with the requirements of the tariff methodology, and (b) the approved increases are consistent with the increase trajectory in the Electricity Tariff Paper.
DLR 1.7: By September 30, 2022, (a) approval by the Recipient's government of the Electricity Tariff Paper.	The target will be considered achieved if: (a) the Government approves the Electricity Tariff Paper with estimated	No	Data source: (a) copy of the approved Electricity Tariff Paper; and (b) copy	Regulatory/tariff consultant under TOR acceptable to	- Review by IVA of legislation to confirm that establishment of the Tariff Unit is in compliance



DLI	Definition/ Description of achievement	Scalability of Disbursements (Yes/No)	Protocol to evaluate achievement of the DLI and data/result verification		
			Data source/agency	Verification Entity	Procedure
satisfactory to the Association, with estimated full cost-recovery tariff and tariff adjustment plan to reach full cost-recovery by the end of 2030; and (b) establishment of an adequately staffed Tariff Unit at the AMS.	level of full cost-recovery tariffs and further annual increases required to reach the estimated cost-recovery level by 2031; and (b) the Tariff Unit at AMS is formally established, has at least one power engineer, one economist, two financial analysts.		of legislation confirming creation of the Tariff Unit at AMS and its authority to carry out electricity tariff reviews and recommendation on approval to the Government.	The Bank.	<p>with requirements of local legislation.</p> <ul style="list-style-type: none"> - Review by IVA of overall technical robustness of the Tariff Paper and accuracy of proposed tariff increase trajectory to reach full cost recovery by the end of 2025. <p>Review by IVA of computations of cost-recovery tariffs for electricity generation, transmission, distribution, other services, and end-users to verify: (a) compliance with requirements of tariff methodology; (b) economic justification for costs included into the tariffs; and (c) consistency of proposed capital expenditures with generation LCP and T&D investment plans.</p>
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.	The target will be considered achieved if: (a) tariff increases, over the previous year, for all categories of consumers are not less than the target for 2028 in the Electricity Tariff Paper; and (b) tariffs for electricity generation, transmission, distribution, other services (e.g. market operator, settlement center), and end-users are computed as per requirements of the tariff methodology.	No	Data sources: (a) copy of the Government Decree with approved electricity tariffs; (b) copy of the updated and approved Electricity Tariff Paper (if applicable). Agency: MEWR.	Regulatory consultant under TOR acceptable to the Bank.	<ul style="list-style-type: none"> - Verification by IVA of adjustment of electricity tariffs for generation, transmission, distribution, other services, and end-users to confirm whether: (a) tariffs are computed consistent with the requirements of the tariff methodology, and (b) the approved increases are consistent with the increase trajectory in the Electricity Tariff Paper.
DLR 1.9: By December 31, 2029, at least annual adjustment of generation,	The target will be considered achieved if: (a) tariff increases, over the previous	No	Data sources: (a) copy of the Government Decree	Regulatory consultant under	<ul style="list-style-type: none"> - Verification by IVA of adjustment of electricity tariffs



DLI	Definition/ Description of achievement	Scalability of Disbursements (Yes/No)	Protocol to evaluate achievement of the DLI and data/result verification		
			Data source/agency	Verification Entity	Procedure
transmission, distribution, and end-user tariffs as per the new tariff methodology and consistent with the targets approved under the Electricity Tariff Paper.	year, for all categories of consumers are not less than the target for 2029 in the Electricity Tariff Paper; and (b) tariffs for electricity generation, transmission, distribution, other services (e.g., market operator, settlement center), and end-users are computed as per requirements of the tariff methodology.		with approved electricity tariffs; (b) copy of the updated and approved Electricity Tariff Paper (if applicable). Agency: MEWR.	TOR acceptable to the Bank.	for generation, transmission, distribution, other services, and end-users to confirm whether: (a) tariffs are computed consistent with the requirements of the tariff methodology, and (b) the approved increases are consistent with the increase trajectory in 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.	The target will be considered achieved if: (a) tariff increases, over the previous year, for all categories of consumers are not less than the target for 2030 in the Electricity Tariff Paper; and (b) tariffs for electricity generation, transmission, distribution, other services (e.g., market operator, settlement center), and end-users are computed as per requirements of the tariff methodology.	No	Data sources: (a) copy of the Government Decree with approved electricity tariffs; (b) copy of the updated and approved Electricity Tariff Paper (if applicable). Agency: MEWR.	Regulatory consultant under TOR acceptable to the Bank.	- Verification by IVA of adjustment of electricity tariffs for generation, transmission, distribution, other services, and end-users to confirm whether: (a) tariffs are computed consistent with the requirements of the tariff methodology, and (b) the approved increases are consistent with the increase trajectory in the Electricity Tariff Paper.
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.	The target will be considered achieved if: (a) tariff increases, over the previous year, for all categories of consumers are not less than the target for 2031 in the Electricity Tariff Paper; and (b) tariffs for electricity generation, transmission, distribution, other services (e.g., market operator, settlement center), and end-users are computed as per requirements of the tariff methodology.	No	Data sources: (a) copy of the Government Decree with approved electricity tariffs; (b) copy of the updated and approved Electricity Tariff Paper (if applicable). Agency: MEWR.	Regulatory consultant under TOR acceptable to the Bank.	- Verification by IVA of adjustment of electricity tariffs for generation, transmission, distribution, other services, and end-users to confirm whether: (a) tariffs are computed consistent with the requirements of the tariff methodology, and (b) the approved increases are consistent with the increase



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					trajectory in the Electricity Tariff Paper.
DLI 2: Revision of the 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.	The target will be considered achieved if the Recipient converts into BT's equity the outstanding principal amounts and interest payable under any ten loans from Group 1 Subsidiary Agreements.	No	Data sources: Financial and accounting records from BT confirming conversion of the outstanding principal amounts of the loans and the interest payable into equity, and other relevant documents. Agency: BT.	TOR and audit firm and acceptable to the Bank.	Verification by IVA of the legal documents and relevant accounting and financial records and entries confirming conversion of the outstanding principal amounts and interest payable for specified loans into equity.
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.	The target will be considered achieved if the terms of any new financing provided to BT by MOF are aligned with the terms in the respective legal documents between the Recipient and the financiers. In case of loans received by the Recipient, up to 1% of mark-up by MOF would be considered acceptable.	No	Data sources: New subsidiary agreements between the MOF and BT. Agency: BT.	TOR and audit firm and acceptable to the Bank.	Verification by IVA to confirm whether the terms of new financing received by BT from MOF are aligned with the terms in the respective legal agreements between the Recipient and the financiers.
DLR 2.3: By December 31, 2020, the Recipient converts into equity ownership of BT the outstanding principal amounts and interest payable under additional four (4) Group 1 Subsidiary Agreements.	The target will be considered achieved if the Recipient converts into BT's equity the outstanding principal amounts and interest payable under additional three loans from Group 1 Subsidiary Agreements.	No	Data sources: Financial and accounting records from BT confirming conversion of the outstanding principal amounts of the loans and the interest payable into equity, and other relevant documents. Agency: BT.	TOR and audit firm and acceptable to the Bank.	Verification by IVA of the legal documents and relevant accounting and financial records and entries confirming conversion of the outstanding principal amounts and interest payable for specified loans into equity.
DLR 2.4: By December 31, 2020, the BT Supervisory Board adopts a formal decision to prohibit BT from receiving	The target will be considered achieved if the Supervisory Board of BT adopts decisions/resolution prohibiting receipt	No	Data sources: Copy of the resolution/decision of the Supervisory Board	TOR and audit firm and acceptable to the Bank.	Verification by IVA of BT's Supervisory Board decision confirming: (a) that it is



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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	of financial resources under terms, which are not aligned with those in the respective legal agreements between the Recipient and the financiers.		of BT. Agency: BT and MEWR.		unambiguous and clearly prohibits such borrowing; and (b) it is compliant with the legislation of the Republic of Tajikistan and is legally binding.
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.	The target will be considered achieved if the terms of any new financing provided to BT by MOF are aligned with the terms in the respective legal documents between the Recipient and the financiers. In case of loans received by the Recipient, up to 1% of mark-up by MOF would be considered acceptable.	No	Data sources: New Subsidiary Agreements between the MOF and BT. Agency: BT.	TOR and audit firm and acceptable to the Bank.	Verification by IVA to confirm whether the terms of new financing received by BT from MOF are aligned with the terms in the respective legal agreements between the Recipient and the financiers.
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.	The target will be considered achieved if: (a) MOF and BT revise any seven loans under Group 2 Subsidiary Agreements; 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 seven 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. In case of loans received by the Recipient, up to 1% of mark-up by MOF would be considered.	No	Revised Subsidiary Agreements and financial and accounting records from BT confirming conversion of the difference between the original and revised interest payable by BT to MOF. Agency: BT.	TOR and audit firm and acceptable to the Bank.	Verification by IVA of the revised Subsidiary Agreements to confirm whether: (a) the terms of specified loans were aligned with terms of financing as reflected in the relevant legal agreements between the Recipient and the financiers; and (b) the difference between the original and revised interest payable by BT to MOF under each of the seven loans from Group 2 Subsidiary Agreements was converted into equity, assuming the revised terms of each such loan were in effect since the effectiveness date of the respective Group 2 Subsidiary Agreements.
DLR 2.7: By June 30, 2021, the terms of any new financing received by BT from the MOF are aligned with the terms in the respective legal documents.	The target will be considered achieved if the terms of any new financing provided to BT by MOF are aligned with the terms in the respective legal	No	Data sources: New Subsidiary Agreements between the MOF and BT.	TOR and audit firm and acceptable to the Bank.	Verification by IVA to confirm whether the terms of new financing received by BT from MOF are aligned with the terms in



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between the Recipient and the financiers.	documents between the Recipient and the financiers. In case of loans received by the Recipient, up to 1% of mark-up by MOF would be considered acceptable.		Agency: BT.		the respective legal agreements between the Recipient and the financiers.
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.	The target will be considered achieved if: (a) MOF and BT revise any seven loans under Group 2 Subsidiary Agreements; 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 seven 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. In case of loans received by the Recipient, up to 1% of mark-up by MOF would be considered.	No	Revised Subsidiary Agreements and financial and accounting records from BT confirming conversion of the difference between the original and revised interest payable by BT to MOF. Agency: BT.	TOR and audit firm and acceptable to the Bank.	Verification by IVA of the revised Subsidiary Agreements to confirm whether: (a) the terms of specified loans were aligned with terms of financing as reflected in the relevant legal agreements between the Recipient and the financiers; and (b) the difference between the original and revised interest payable by BT to MOF under each of the seven loans from Group 2 Subsidiary Agreements was converted into equity, assuming the revised terms of each such loan were in effect since the effectiveness date of the respective Group 2 Subsidiary Agreements.
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.	The target will be considered achieved if the terms of any new financing provided to BT by MOF are aligned with the terms in the respective legal documents between the Recipient and the financiers. In case of loans received by the Recipient, up to 1% of mark-up by MOF would be considered acceptable.	No	Data sources: New Subsidiary Agreements between the MOF and BT. Agency: BT.	TOR and audit firm and acceptable to the Bank.	Verification by IVA to confirm whether the terms of new financing received by BT from MOF are aligned with the terms in the respective legal agreements between the Recipient and the financiers.
DLI 3: Electricity sector's cash deficit	The target will be considered achieved if the electricity sector reduces the cash deficit as per targets specified under DLRs.	Yes	Data source: Financial statements and other accounting records and information of BT, SIB,	Audit firm under TOR acceptable to the Bank.	Review by IVA of the cash deficit computation for the electricity sector for each year covered by DLRs to confirm that the specified



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			and STB. Agency: BT.		<p>target for each DLR is met. The IVA should verify that the computation of the cash deficit was carried out according to the following formula: Cash Revenues minus sum of all Accrual based costs of the electricity sector.</p> <p>Cash Revenues should include: (a) cash collected from sales of electricity to domestic consumers and; (b) cash collected from exports of electricity.</p> <p>Accrual based costs should include:</p> <ul style="list-style-type: none"> 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; 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. d. Current portion of outstanding principal amounts of long-term debts to MOF; interest



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					payable MOF; and penalties on overdue debt service to MOF. e. Overdue payables; and f. Penalties on overdue debt service and payables.
DLI 5: Adequate electricity supply is received by BT or the Designated Off-taker from Sangtuda-1 power plant	The target will be considered achieved if BT receives at least 1,800 GWh of electricity/year for the purposes of domestic supply. Lower level of supply will be considered acceptable if it is a result of technical failure caused by reasons not related to BT, hydrology conditions, or lower electricity demand.	No	Data source: Copies of invoices submitted by Sangtuda-1 HPP for electricity supplied; and data from BT on meter reading at acceptance point of electricity in BT's network. Agency: BT.	The Bank.	The IVA will review the invoices and cross-check with meter readings to be submitted by BT generation company to confirm the amount of electricity supplied to electricity transmission network of BT for domestic consumption purposes.
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.	The target will be considered achieved if MEWR updates the GEP.	No	Data source: Copy of the GEP. Agency: MEWR.	Energy economics and engineering consultant under TOR acceptable to the Bank.	MEWR to submit to the Bank the updated GEP, which will be validated by the Bank to confirm: (a) it is based on robust base case domestic electricity demand projection; (b) inputs and assumptions are reasonable; (c) it is consistent with the principle of minimizing total economic cost of generation; and (d) it is technically and financially feasible.
DLR 7.2: By February 28, 2023, MEWR approves the updated GEP.	The target will be considered achieved if MEWR formally approves it as a guiding document for new investments into electricity generation.	No	Data source: Copy of the MEWR decision to approve LCP. Agency: MEWR.	Legal consultant under TOR acceptable to the Bank.	Review by IVA of the MEWR decision to confirm it is consistent with requirements of applicable legislation and is binding on BT.



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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.	The target would be considered achieved if: (a) capital investments (and investment decisions) into electricity generation are consistent with priorities and projects identified in generation LCP; and (b) MEWR formally approves the T&D network development plans.	No	Data source: Data on new generation project started (or investment decisions made); copy of approved T&D network development plan. Agency: MEWR and BT.	Energy economics and engineering consultant under TOR acceptable to the Bank.	<ul style="list-style-type: none"> - MEWR to submit to the Bank the list of all new electricity generation projects (approved for preparation and implementation) so that the Bank can validate those are consistent with approved GEP; - MEWR to submit to the Bank T&D network development plans for the Bank to validate those are economically and technically justified; - Review by IVA of MEWR decision on approval of T&D network plans to confirm it is consistent with requirements of applicable legislation and is binding on transmission and distribution companies.
DLRs 7.4-7.10: New generation, transmission, and distribution projects initiated by BT, SIB, STB respectively or the Recipient's government are consistent with the approved plans.	The target will be considered achieved if capital investments and investment decisions into electricity generation and T&D are consistent with priorities and projects identified in generation LCP and T&D network development plans.	No	Data source: Data on capital expenditures of BT, SIB, and STB, the state budget, and decisions on priority projects and pipelines Agency: MEWR and BT.	Energy economics consultant under the TOR acceptable to the Bank.	MEWR to submit to the Bank the list of all new electricity generation, transmission, and distribution projects (approved for preparation and implementation) so that the Bank can validate those are consistent with approved GEP and T&D network development plans.
DLI 8: Improvement of operational and financial transparency of BT, SIB, and STB					
DLR 8.1: SBs are functional and formed the specialized committees (audit and compensation committees) at BT, SIB, and STB comprising of members of SBs and chaired by	The target will be considered achieved if SBs at BT, SIB, and STB are functional and specialized committees were established.	No	Data source: Corporate charters and bylaws of generation, transmission, and distribution companies	Audit firm and TOR acceptable to the Bank.	Review by IVA of: (a) corporate charters, bylaws, decisions, and other relevant documents of generation, transmission, and distribution companies to confirm



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independent supervisory board members			and other corporate governance related documents. Agency: MEWR.		good-practice corporate governance structures were retained; SB committee members comply with adopted job description; and (b) legislative evidence on creation of specialized committees and assessment whether the staff qualifications are compliant with requirements in job description; the functional responsibilities are clear and consistent with adopted corporate governance structure; and the reporting arrangements are clear.
DLR 8.2-8.11: SBs and specialized committees are functional.	The target will be considered achieved if SBs and specialized committees (e.g. audit and compensation) at generation, transmission, and distribution companies are functional.	No	Data source: Corporate charters and bylaws of generation, transmission, and distribution companies and other corporate governance related documents. Agency: MEWR.	Audit firm and TOR acceptable to the Bank.	Review by IVA of: (a) corporate charters, bylaws, decisions, and other relevant documents of generation, transmission, and distribution companies to confirm good-practice corporate governance structures were retained, i.e. no abrogation of corporate level regulations; revisions to the charters, bylaws, and other legal documents or legislation reversing the earlier decisions; loosening of qualification requirements for SB and specialized committee members, etc.; and (b) actual evidence of performance of SBs and specialized committees based on the minutes of meetings and other documents to confirm.
DLI 9: Improvement of operational and					



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financial transparency of BT, SIB, and STB					
DLR 9.1-9.11: publish on their websites the key quarterly operational data and quarterly un-audited financial statements.	The target will be considered achieved if Uniform Resource Locator (URL) link is submitted to the Bank to confirm that BT, SIB, and STB published on their respective websites the key quarterly operational and financial data within 30 days after the end of the respective quarters of each year.	No	Data source: URL link to the data on respective website(s). Agency: MEWR.	The Bank.	The Bank will: (i) review the data to confirm that it contains: (a) main operational data, including generation, own-use, electricity input into transmission, transmission losses, export and import, distribution technical and commercial losses, and supply to end-users by categories of consumers; (b) electricity service reliability indicators to be agreed with the Bank; (c) key financial data, including quarterly un-audited financial statements; tariffs by categories of consumers; collection rates by categories of consumers; and import and export tariffs.
DLI 10: Reduction of electricity sector costs					
DLR 10.1: By December 31, 2022, (a) BT purchases fuel oil through international competitive process; and (b) BT's stock of fuel oil does not exceed the level required for emergency supply of heat.	The target will be considered achieved if: a. BT procures the fuel oil through international competitive process with resulting price comparable to market price on an international exchange to be selected by the IVA (depending on the type of fuel oil purchased) with adjustment for transportation cost (delivery port plus ground-based transportation); b. BT's stock of fuel oil does not exceed the volume required for 21	No	Data source: Contract for supply of fuel oil, published fuel oil benchmark prices, transportation costs and prices. Agency: BT.	Auditor of annual financial statements under TOR acceptable to the Bank.	IVA will: a. Review the procurement process and contract for supply of fuel to determine whether: (i) the procurement process was international competitive and consistent with the procurement legislation of the Republic of Tajikistan; (ii) the price is reasonable. The reasonableness of the price should be determined by comparing it with the traded



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	days of heat supply				<p>price (on an international exchange) of fuel oil with same specifications plus transportation costs. IVA should select the benchmark price, but it should be for a well-known international market with standardized contracts.</p> <p>b. Review the purchased volume of fuel oil to validate that the total available stock, including the purchased volume during the year, did not exceed 24,000 tons at any point in time during the entire year for which verification is done.</p>
DLR 10.2: By December 31, 2023, (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) 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>The target will be considered achieved if:</p> <p>a. BT procures the fuel oil through international competitive process with resulting price comparable to market price on an international exchange (depending on the type of fuel oil purchased) with adjustment for transportation cost (delivery port plus ground-based transportation);</p> <p>b. BT's stock of fuel oil does not exceed the volume required for 21 days of heat supply; and</p> <p>c. BT, SIB, and STB reduce the costs of materials (excluding fuel oil costs), services, and fixed asset maintenance by at least fifteen (15),</p>	No	Data source: BT, SIB, and STB audited financial statements and other company-level data and information. Agency: MEWR.	Auditor of annual financial statements of BT under TOR acceptable to the Bank. The TORs for audit of SIB and STB annual financial statements should contain requirement for providing those costs with the required break-down and should also be acceptable to the World Bank.	<p>IVA will:</p> <p>a. Review the procurement process and contract for supply of fuel to determine whether: (i) the procurement process was international competitive and consistent with the procurement legislation of the Republic of Tajikistan; (ii) the price is reasonable. The reasonableness of the price should be determined by comparing it with the traded price (on an international exchange) of fuel oil with same specifications plus transportation costs. IVA should select the benchmark price, but</p>



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	five (5), and ten (10) percent respectively compared to the same costs in 2022.				<p>it should be for a well-known international market with standardized contracts.</p> <p>b. Review the purchased volume of fuel oil to validate that the total available stock, including the purchased volume during the year, did not exceed 24,000 tons at any point in time during the entire year for which verification is done.</p> <p>c. (i) Confirm the size of BT's cost of materials (excluding fuel oil costs for electricity and/or heat generation), services, and fixed asset maintenance for both 2022 and 2023; (ii) receive through MEWR the data from the auditors of SIB and STB annual financial statements, which should be detailed enough to contain the required cost items with necessary break-down; (iii) prepare a summary report covering BT, SIB, and STB with computation of the change of 2023 costs of materials, services, and fixed asset maintenance compared to 2022 with a conclusion whether the target for reduction was met.</p>
DLR 10.3: By December 31, 2024, (a) BT purchases fuel oil through international	The target will be considered achieved if:	No	Data source: BT, SIB, and STB audited financial	Auditor of annual financial statements	<p>IVA will:</p> <p>a. Review the procurement</p>



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<p>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 2023 levels adjusted by the annual 2024 inflation.</p>	<p>a. BT procures the fuel oil through international competitive process with resulting price comparable to market price on an international exchange (depending on the type of fuel oil purchased) with adjustment for transportation cost (delivery port plus ground-based transportation);</p> <p>b. BT’s stock of fuel oil does not exceed the volume required for 21 days of heat supply; 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>		<p>statements and other company-level data and information. Agency: MEWR.</p>	<p>of BT under TOR acceptable to the Bank. The TORs for audit of SIB and STB annual financial statements should contain requirement for providing those costs with the required break-down and should also be acceptable to the World Bank.</p>	<p>process and contract for supply of fuel to determine whether: (i) the procurement process was international competitive and consistent with the procurement legislation of the Republic of Tajikistan; (ii) the price is reasonable. The reasonableness of the price should be determined by comparing it with the traded price (on an international exchange) of fuel oil with same specifications plus transportation costs. IVA should select the benchmark price, but it should be for a well-known international market with standardized contracts.</p> <p>b. Review the purchased volume of fuel oil to validate that the total available stock, including the purchased volume during the year, did not exceed 24,000 tons at any point in time during the entire year for which verification is done.</p> <p>c. (i) confirm the size of BT’s cost of materials (excluding fuel oil costs for electricity and/or heat generation), services, and fixed asset maintenance for 2025; (ii) receive through</p>



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					MEWR the data from the auditors of SIB and STB annual financial statements, which should be detailed enough to contain the required cost items with necessary break-down; (iii) prepare a summary report covering BT, SIB, and STB with computation of the change of 2025 costs of materials, services, and fixed asset maintenance compared to 2024 with adjustment for 2025 inflation. Inflation would be measured through GDP deflator for 2025 based on the data from the System of National Accounts of the Statistical Agency under the President of the Republic of Tajikistan.
DLR 10.4: By December 31, 2025, (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 materials, services, and fixed asset maintenance of BT, SIB, and STB do not exceed the 2024 levels adjusted by the annual 2025 inflation.	<p>The target will be considered achieved if:</p> <p>a. BT procures the fuel oil through international competitive process with resulting price comparable to market price on an international exchange (depending on the type of fuel oil purchased) with adjustment for transportation cost (delivery port plus ground-based transportation);</p> <p>b. BT's stock of fuel oil does not exceed the volume required for 21</p>	No	Data source: BT, SIB, and STB audited financial statements and other company-level data and information. Agency: MEWR.	Auditor of annual financial statements of BT under TOR acceptable to the Bank. The TORs for audit of SIB and STB annual financial statements should contain requirement for providing those costs with the required break-down and should also be acceptable to the	<p>IVA will:</p> <p>a. Review the procurement process and contract for supply of fuel to determine whether: (i) the procurement process was international competitive and consistent with the procurement legislation of the Republic of Tajikistan; (ii) the price is reasonable. The reasonableness of the price should be determined by comparing it with the traded</p>



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	<p>days of heat supply; and</p> <p>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.</p>			World Bank.	<p>price (on an international exchange) of fuel oil with same specifications plus transportation costs. IVA should select the benchmark price, but it should be for a well-known international market with standardized contracts.</p> <p>b. Review the purchased volume of fuel oil to validate that the total available stock, including the purchased volume during the year, did not exceed 24,000 tons at any point in time during the entire year for which verification is done.</p> <p>c. (i) Confirm the size of BT’s cost of materials (excluding fuel oil costs for electricity and/or heat generation), services, and fixed asset maintenance for 2025; (ii) receive through MEWR the data from the auditors of SIB and STB annual financial statements, which should be detailed enough to contain the required cost items with necessary break-down; and (iii) prepare a summary report covering BT, SIB, and STB with computation of the change of 2025 costs of materials, services, and fixed asset maintenance compared</p>



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			Data source/agency	Verification Entity	Procedure
					to 2024 with adjustment for 2025 inflation. Inflation would be measured through GDP deflator for 2025 based on the data from the System of National Accounts of the Statistical Agency under the President of the Republic of Tajikistan.
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.	<p>The target will be considered achieved if:</p> <ul style="list-style-type: none"> a. BT procures the fuel oil through international competitive process with resulting price comparable to market price on an international exchange (depending on the type of fuel oil purchased) with adjustment for transportation cost (delivery port plus ground-based transportation); b. BT's stock of fuel oil does not exceed the volume required for 21 days of heat supply; 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. 	No	Data source: BT, SIB, and STB audited financial statements and other company-level data and information. Agency: MEWR.	Auditor of annual financial statements of BT under TOR acceptable to the Bank. The TORs for audit of SIB and STB annual financial statements should contain requirement for providing those costs with the required break-down and should also be acceptable to the World Bank.	<p>IVA will:</p> <ul style="list-style-type: none"> a. Review the procurement process and contract for supply of fuel to determine whether: (i) the procurement process was international competitive and consistent with the procurement legislation of the Republic of Tajikistan; (ii) the price is reasonable. The reasonableness of the price should be determined by comparing it with the traded price (on an international exchange) of fuel oil with same specifications plus transportation costs. IVA should select the benchmark price, but it should be for a well-known international market with standardized contracts. b. Review the purchased volume of fuel oil to validate that the



DLI	Definition/ Description of achievement	Scalability of Disbursements (Yes/No)	Protocol to evaluate achievement of the DLI and data/result verification		
			Data source/agency	Verification Entity	Procedure
					<p>total available stock, including the purchased volume during the year, did not exceed 24,000 tons at any point in time during the entire year for which verification is done.</p> <p>c. (i) Confirm the size of BT’s cost of materials (excluding fuel oil costs for electricity and/or heat generation), services, and fixed asset maintenance for 2026; (ii) receive through MEWR the data from the auditors of SIB and STB annual financial statements, which should be detailed enough to contain the required cost items with necessary break-down; and (iii) prepare a summary report covering BT, SIB, and STB with computation of the change of 2026 costs of materials, services, and fixed asset maintenance compared to 2025 with adjustment for 2026 inflation. The inflation would be measured through GDP deflator for 2026 based on the data from the System of National Accounts of the Statistical Agency under the President of the Republic of Tajikistan.</p>
DLR 10.6: By December 31, 2027, (a) BT purchases fuel oil through international	The target will be considered achieved	No	Data source: BT, SIB, and STB audited financial	Auditor of annual financial statements	



DLI	Definition/ Description of achievement	Scalability of Disbursements (Yes/No)	Protocol to evaluate achievement of the DLI and data/result verification		
			Data source/agency	Verification Entity	Procedure
<p>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.</p>	<p>if:</p> <ul style="list-style-type: none"> a. BT procures the fuel oil through international competitive process with resulting price comparable to market price on an international exchange (depending on the type of fuel oil purchased) with adjustment for transportation cost (delivery port plus ground-based transportation); b. BT’s stock of fuel oil does not exceed the volume required for 21 days of heat supply; 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. 		<p>statements and other company-level data and information. Agency: MEWR.</p>	<p>of BT under TOR acceptable to the Bank. The TORs for audit of SIB and STB annual financial statements should contain requirement for providing those costs with the required break-down and should also be acceptable to the World Bank.</p>	<p>IVA will:</p> <ul style="list-style-type: none"> a. Review the procurement process and contract for supply of fuel to determine whether: (i) the procurement process was international competitive and consistent with the procurement legislation of the Republic of Tajikistan; (ii) the price is reasonable. The reasonableness of the price should be determined by comparing it with the traded price (on an international exchange) of fuel oil with same specifications plus transportation costs. IVA should select the benchmark price, but it should be for a well-known international market with standardized contracts. b. Review the purchased volume of fuel oil to validate that the total available stock, including the purchased volume during the year, did not exceed 24,000 tons at any point in time during the entire year for which verification is done. c. (i) confirm the size of BT’s cost of materials (excluding fuel oil



DLI	Definition/ Description of achievement	Scalability of Disbursements (Yes/No)	Protocol to evaluate achievement of the DLI and data/result verification		
			Data source/agency	Verification Entity	Procedure
					costs for electricity and/or heat generation), services, and fixed asset maintenance for 2027; (ii) receive through MEWR the data from the auditors of SIB and STB annual financial statements, which should be detailed enough to contain the required cost items with necessary break-down; and (iii) prepare a summary report covering BT, SIB, and STB with computation of the change of 2027 costs of materials, services, and fixed asset maintenance compared to 2026 with adjustment for 2027 inflation. The inflation would be measured through GDP deflator for 2027 based on the data from the System of National Accounts of the Statistical Agency under the President of the Republic of Tajikistan.
DLR 10.7: By December 31, 2028, (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 2027 levels adjusted by the annual 2028 inflation.	The target will be considered achieved if: a. BT procures the fuel oil through international competitive process with resulting price comparable to market price on an international exchange (depending on the type of fuel oil purchased) with adjustment for transportation cost (delivery port plus ground-based	No	Data source: BT, SIB, and STB audited financial statements and other company-level data and information. Agency: MEWR.	Auditor of annual financial statements of BT under TOR acceptable to the Bank. The TORs for audit of SIB and STB annual financial statements should contain requirement for providing those	IVA will: a. Review the procurement process and contract for supply of fuel to determine whether: (i) the procurement process was international competitive and consistent with the procurement legislation of the Republic of Tajikistan; (ii) the price is



DLI	Definition/ Description of achievement	Scalability of Disbursements (Yes/No)	Protocol to evaluate achievement of the DLI and data/result verification		
			Data source/agency	Verification Entity	Procedure
	<p>transportation);</p> <p>b. BT's stock of fuel oil does not exceed the volume required for 21 days of heat supply; 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>costs with the required break-down and should also be acceptable to the World Bank.</p>	<p>reasonable. The reasonableness of the price should be determined by comparing it with the traded price (on an international exchange) of fuel oil with same specifications plus transportation costs. IVA should select the benchmark price, but it should be for a well-known international market with standardized contracts.</p> <p>b. Review the purchased volume of fuel oil to validate that the total available stock, including the purchased volume during the year, did not exceed 24,000 tons at any point in time during the entire year for which verification is done.</p> <p>c. (i) confirm the size of BT's cost of materials (excluding fuel oil costs for electricity and/or heat generation), services, and fixed asset maintenance for 2028; (ii) receive through MEWR the data from the auditors of SIB and STB annual financial statements, which should be detailed enough to contain the required cost items with necessary break-down; and (iii) prepare a summary report covering BT,</p>



DLI	Definition/ Description of achievement	Scalability of Disbursements (Yes/No)	Protocol to evaluate achievement of the DLI and data/result verification		
			Data source/agency	Verification Entity	Procedure
					SIB, and STB with computation of the change of 2028 costs of materials, services, and fixed asset maintenance compared to 2027 with adjustment for 2028 inflation. The inflation would be measured through GDP deflator for 2028 based on the data from the System of National Accounts of the Statistical Agency under the President of the Republic of Tajikistan.
DLR 10.8: By December 31, 2029, (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 2028 levels adjusted by the annual 2029 inflation.	<p>The target will be considered achieved if:</p> <ul style="list-style-type: none"> a. BT procures the fuel oil through international competitive process with resulting price comparable to market price on an international exchange (depending on the type of fuel oil purchased) with adjustment for transportation cost (delivery port plus ground-based transportation); b. BT’s stock of fuel oil does not exceed the volume required for 21 days of heat supply; and 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. 	No	Data source: BT, SIB, and STB audited financial statements and other company-level data and information. Agency: MEWR.	Auditor of annual financial statements of BT under TOR acceptable to the Bank. The TORs for audit of SIB and STB annual financial statements should contain requirement for providing those costs with the required break-down and should also be acceptable to the World Bank.	<p>IVA will:</p> <ul style="list-style-type: none"> a. Review the procurement process and contract for supply of fuel to determine whether: (i) the procurement process was international competitive and consistent with the procurement legislation of the Republic of Tajikistan; (ii) the price is reasonable. The reasonableness of the price should be determined by comparing it with the traded price (on an international exchange) of fuel oil with same specifications plus transportation costs. IVA should select the benchmark price, but it should be for a well-known international market with standardized



DLI	Definition/ Description of achievement	Scalability of Disbursements (Yes/No)	Protocol to evaluate achievement of the DLI and data/result verification		
			Data source/agency	Verification Entity	Procedure
					<p>contracts.</p> <p>b. Review the purchased volume of fuel oil to validate that the total available stock, including the purchased volume during the year, did not exceed 24,000 tons at any point in time during the entire year for which verification is done.</p> <p>c. (i) confirm the size of BT’s cost of materials (excluding fuel oil costs for electricity and/or heat generation), services, and fixed asset maintenance for 2029; (ii) receive through MEWR the data from the auditors of SIB and STB annual financial statements, which should be detailed enough to contain the required cost items with necessary break-down; and (iii) prepare a summary report covering BT, SIB, and STB with computation of the change of 2029 costs of materials, services, and fixed asset maintenance compared to 2028 with adjustment for 2029 inflation. The inflation would be measured through GDP deflator for 2029 based on the data from the System of National Accounts of the Statistical Agency under the President of the Republic of</p>



DLI	Definition/ Description of achievement	Scalability of Disbursements (Yes/No)	Protocol to evaluate achievement of the DLI and data/result verification		
			Data source/agency	Verification Entity	Procedure
					Tajikistan.
DLR 10.9: By December 31, 2030, (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 2029 levels adjusted by the annual 2030 inflation.	<p>The target will be considered achieved if:</p> <ul style="list-style-type: none"> a. BT procures the fuel oil through international competitive process with resulting price comparable to market price on an international exchange (depending on the type of fuel oil purchased) with adjustment for transportation cost (delivery port plus ground-based transportation); b. BT's stock of fuel oil does not exceed the volume required for 21 days of heat supply; and 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. 	No	Data source: BT, SIB, and STB audited financial statements and other company-level data and information. Agency: MEWR.	Auditor of annual financial statements of BT under TOR acceptable to the Bank. The TORs for audit of SIB and STB annual financial statements should contain requirement for providing those costs with the required break-down and should also be acceptable to the World Bank.	<p>IVA will:</p> <ul style="list-style-type: none"> a. Review the procurement process and contract for supply of fuel to determine whether: (i) the procurement process was international competitive and consistent with the procurement legislation of the Republic of Tajikistan; (ii) the price is reasonable. The reasonableness of the price should be determined by comparing it with the traded price (on an international exchange) of fuel oil with same specifications plus transportation costs. IVA should select the benchmark price, but it should be for a well-known international market with standardized contracts. b. Review the purchased volume of fuel oil to validate that the total available stock, including the purchased volume during the year, did not exceed 24,000 tons at any point in time during the entire year for which verification is done. c. (i) confirm the size of BT's cost of materials (excluding fuel oil



DLI	Definition/ Description of achievement	Scalability of Disbursements (Yes/No)	Protocol to evaluate achievement of the DLI and data/result verification		
			Data source/agency	Verification Entity	Procedure
					costs for electricity and/or heat generation), services, and fixed asset maintenance for 2026; (ii) receive through MEWR the data from the auditors of SIB and STB annual financial statements, which should be detailed enough to contain the required cost items with necessary break-down; and (iii) prepare a summary report covering BT, SIB, and STB with computation of the change of 2030 costs of materials, services, and fixed asset maintenance compared to 2029 with adjustment for 2030 inflation. The inflation would be measured through GDP deflator for 2030 based on the data from the System of National Accounts of the Statistical Agency under the President of the Republic of Tajikistan.
DLI 11: Improved prioritization, predictability, and transparency of cash flows in the electricity sector					
DLR 11.1: By September 30, 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 to include US\$20 million payment	The target will be considered achieved if: (a) collection and distribution of electricity sector revenues from domestic market is carried out according to Escrow Account Regulations; (b) BT paid MOF US\$20 million related to debt service costs	No	Data source: (a) escrow account financial statements, reports on collected and distributed revenues, expenditures plans submitted by BT to Escrow Account bank; (b)	Auditor/financial consultant with qualifications and TOR acceptable to the Bank.	The IVA will: (a) validate whether the Escrow Account Agreement between the Escrow Account bank and BT, SIB, and STB is effective; (b) confirm whether the minimum required terms and conditions of the Escrow Account



DLI	Definition/ Description of achievement	Scalability of Disbursements (Yes/No)	Protocol to evaluate achievement of the DLI and data/result verification		
			Data source/agency	Verification Entity	Procedure
under subsidiary agreements with MOF and settlement of other existing liabilities.	under subsidiary agreements; and (c) expenditures from all other accounts of BT are prioritized in a way to pay for liabilities with the highest cost for BT.		statements from other bank accounts. Agency: MEWR		Agreement are consistent with the requirements of the Escrow Account Regulations and other applicable legislation; (c) confirm that collection and distribution of revenues is carried out in accordance with the requirements of the Escrow Account Regulations; (d) validate whether BT paid MOF US\$20 million for debt service under subsidiary agreements; and (e) validate whether cash from other account(s) of BT was prioritized to cover the most expensive liabilities of BT including but not limited to servicing of sovereign-guaranteed debt.
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 existing liabilities including payments on sovereign-guaranteed debt.	The target will be considered achieved if: (a) collection and distribution of electricity sector revenues from domestic market is carried out according to Escrow Account Regulations; and (b) expenditures from all other accounts of BT are prioritized in a way to pay for liabilities with the highest cost for BT.	No	Data source: (a) escrow account financial statements, reports on collected and distributed revenues, expenditures plans submitted by BT to Escrow Account bank; (b) statements from other bank accounts. Agency: MEWR.	Auditor/financial consultant with qualifications and TOR acceptable to the Bank.	The IVA will: (a) validate whether the Escrow Account Agreement between the Escrow Account bank and BT, SIB, and STB is effective; (b) confirm whether the minimum required terms and conditions of the Escrow Account Agreement are consistent with the requirements of the Escrow Account Regulations and other applicable legislation; (c) confirm that collection and distribution of revenues is carried out in accordance with the requirements of the Escrow Account Regulations; and (d) validate whether cash from other account(s) of BT was prioritized to



DLI	Definition/ Description of achievement	Scalability of Disbursements (Yes/No)	Protocol to evaluate achievement of the DLI and data/result verification		
			Data source/agency	Verification Entity	Procedure
					cover the most expensive liabilities of BT including but not limited to servicing of sovereign-guaranteed debt.
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 existing liabilities including payments on sovereign-guaranteed debt.	The target will be considered achieved if: (a) collection and distribution of electricity sector revenues from domestic market is carried out according to Escrow Account Regulations; and (b) expenditures from all other accounts of BT are prioritized in a way to pay for liabilities with the highest cost for BT.	No	Data source: (a) escrow account financial statements, reports on collected and distributed revenues, expenditures plans submitted by BT to Escrow Account bank; (b) statements from other bank accounts. Agency: MEWR.	Auditor/financial consultant with qualifications and TOR acceptable to the Bank.	The IVA will: (a) validate whether the Escrow Account Agreement between the Escrow Account bank and BT, SIB, and STB is effective; (b) confirm whether the minimum required terms and conditions of the Escrow Account Agreement are consistent with the requirements of the Escrow Account Regulations and other applicable legislation; (c) confirm that collection and distribution of revenues is carried out in accordance with the requirements of the Escrow Account Regulations; and (d) validate whether cash from other account(s) of BT was prioritized to cover the most expensive liabilities of BT.
DLR 11.4: 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 existing liabilities including payments on sovereign-guaranteed debt.	The target will be considered achieved if: (a) collection and distribution of electricity sector revenues from domestic market is carried out according to Escrow Account Regulations; and (b) expenditures from all other accounts of BT are prioritized in a way to pay for liabilities with the highest cost for BT.	No	Data source: (a) escrow account financial statements, reports on collected and distributed revenues, expenditures plans submitted by BT to Escrow Account bank; (b) statements from other bank accounts. Agency: MEWR.	Auditor/financial consultant with qualifications and TOR acceptable to the Bank.	The IVA will: (a) validate whether the Escrow Account Agreement between the Escrow Account bank and BT, SIB, and STB is effective; (b) confirm whether the minimum required terms and conditions of the Escrow Account Agreement are consistent with the requirements of the Escrow Account Regulations and other applicable legislation; (c) confirm that collection and distribution of



DLI	Definition/ Description of achievement	Scalability of Disbursements (Yes/No)	Protocol to evaluate achievement of the DLI and data/result verification		
			Data source/agency	Verification Entity	Procedure
					revenues is carried out in accordance with the requirements of the Escrow Account Regulations; and (d) validate whether cash from other account(s) of BT was prioritized to cover the most expensive liabilities of BT.
DLR 11.5: By June 30, 2024, (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 existing liabilities including payments on sovereign-guaranteed debt.	The target will be considered achieved if: (a) collection and distribution of electricity sector revenues from domestic market is carried out according to Escrow Account Regulations; and (b) expenditures from all other accounts of BT are prioritized in a way to pay for liabilities with the highest cost for BT.	No	Data source: (a) escrow account financial statements, reports on collected and distributed revenues, expenditures plans submitted by BT to Escrow Account bank; (b) statements from other bank accounts. Agency: MEWR.	Auditor/financial consultant with qualifications and TOR acceptable to the Bank.	The IVA will: (a) validate whether the Escrow Account Agreement between the Escrow Account bank and BT, SIB, and STB is effective; (b) confirm whether the minimum required terms and conditions of the Escrow Account Agreement are consistent with the requirements of the Escrow Account Regulations and other applicable legislation; (c) confirm that collection and distribution of revenues is carried out in accordance with the requirements of the Escrow Account Regulations; and (d) validate whether cash from other account(s) of BT was prioritized to cover the most expensive liabilities of BT.
DLR 11.6: By December 31, 2024, (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 existing liabilities including	The target will be considered achieved if: (a) collection and distribution of electricity sector revenues from domestic market is carried out according to Escrow Account Regulations; and (b) expenditures from all other accounts of BT are prioritized	No	Data source: (a) escrow account financial statements, reports on collected and distributed revenues, expenditures plans submitted by BT to Escrow Account bank; (b) statements from other	Auditor/financial consultant with qualifications and TOR acceptable to the Bank.	The IVA will: (a) validate whether the Escrow Account Agreement between the Escrow Account bank and BT, SIB, and STB is effective; (b) confirm whether the minimum required terms and conditions of the Escrow Account Agreement are consistent with



DLI	Definition/ Description of achievement	Scalability of Disbursements (Yes/No)	Protocol to evaluate achievement of the DLI and data/result verification		
			Data source/agency	Verification Entity	Procedure
payments on sovereign-guaranteed debt.	in a way to pay for liabilities with the highest cost for BT.		bank accounts. Agency: MEWR.		the requirements of the Escrow Account Regulations and other applicable legislation; (c) confirm that collection and distribution of revenues is carried out in accordance with the requirements of the Escrow Account Regulations; and (d) validate whether cash from other account(s) of BT was prioritized to cover the most expensive liabilities of BT.
DLR 11.7: By December 31, 2025, (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 existing liabilities including payments on sovereign-guaranteed debt	The target will be considered achieved if: (a) collection and distribution of electricity sector revenues from domestic market is carried out according to Escrow Account Regulations; and (b) expenditures from all other accounts of BT are prioritized in a way to pay for liabilities with the highest cost for BT.	No	Data source: (a) escrow account financial statements, reports on collected and distributed revenues, expenditures plans submitted by BT to Escrow Account bank; (b) statements from other bank accounts. Agency: MEWR.	Auditor/financial consultant with qualifications and TOR acceptable to the Bank.	The IVA will: (a) validate whether the Escrow Account Agreement between the Escrow Account bank and BT, SIB, and STB is effective; (b) confirm whether the minimum required terms and conditions of the Escrow Account Agreement are consistent with the requirements of the Escrow Account Regulations and other applicable legislation; (c) confirm that collection and distribution of revenues is carried out in accordance with the requirements of the Escrow Account Regulations; and (d) validate whether cash from other account(s) of BT was prioritized to cover the most expensive liabilities of BT.
DLR 11.8: By December 31, 2026, (a) collection and distribution of electricity sector revenues from domestic market are systematically carried out according	The target will be considered achieved if: (a) collection and distribution of electricity sector revenues from domestic market is carried out	No	Data source: (a) escrow account financial statements, reports on collected and distributed	Auditor/financial consultant with qualifications and TOR acceptable to	The IVA will: (a) validate whether the Escrow Account Agreement between the Escrow Account bank and BT, SIB, and STB is



DLI	Definition/ Description of achievement	Scalability of Disbursements (Yes/No)	Protocol to evaluate achievement of the DLI and data/result verification		
			Data source/agency	Verification Entity	Procedure
to the Escrow Account Regulations; and (b) expenditures from other account(s) of BT were prioritized consistent with the existing liabilities including payments on sovereign-guaranteed debt.	according to Escrow Account Regulations; and (b) expenditures from all other accounts of BT are prioritized in a way to pay for liabilities with the highest cost for BT.		revenues, expenditures plans submitted by BT to Escrow Account bank; (b) statements from other bank accounts. Agency: MEWR.	the Bank.	effective; (b) confirm whether the minimum required terms and conditions of the Escrow Account Agreement are consistent with the requirements of the Escrow Account Regulations and other applicable legislation; (c) confirm that collection and distribution of revenues is carried out in accordance with the requirements of the Escrow Account Regulations; and (d) validate whether cash from other account(s) of BT was prioritized to cover the most expensive liabilities of BT.
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 existing liabilities including payments on sovereign-guaranteed debt.	The target will be considered achieved if: (a) collection and distribution of electricity sector revenues from domestic market is carried out according to Escrow Account Regulations; and (b) expenditures from all other accounts of BT are prioritized in a way to pay for liabilities with the highest cost for BT.	No	Data source: (a) escrow account financial statements, reports on collected and distributed revenues, expenditures plans submitted by BT to Escrow Account bank; (b) statements from other bank accounts. Agency: MEWR.	Auditor/financial consultant with qualifications and TOR acceptable to the Bank.	The IVA will: (a) validate whether the Escrow Account Agreement between the Escrow Account bank and BT, SIB, and STB is effective; (b) confirm whether the minimum required terms and conditions of the Escrow Account Agreement are consistent with the requirements of the Escrow Account Regulations and other applicable legislation; (c) confirm that collection and distribution of revenues is carried out in accordance with the requirements of the Escrow Account Regulations; and (d) validate whether cash from other account(s) of BT was prioritized to cover the most expensive liabilities of BT.



DLI	Definition/ Description of achievement	Scalability of Disbursements (Yes/No)	Protocol to evaluate achievement of the DLI and data/result verification		
			Data source/agency	Verification Entity	Procedure
DLR 11.10: By December 31, 2028, (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 existing liabilities including payments on sovereign-guaranteed debt.	The target will be considered achieved if: (a) collection and distribution of electricity sector revenues from domestic market is carried out according to Escrow Account Regulations; and (b) expenditures from all other accounts of BT are prioritized in a way to pay for liabilities with the highest cost for BT.	No	Data source: (a) escrow account financial statements, reports on collected and distributed revenues, expenditures plans submitted by BT to Escrow Account bank; (b) statements from other bank accounts. Agency: MEWR.	Auditor/financial consultant with qualifications and TOR acceptable to the Bank.	The IVA will: (a) validate whether the Escrow Account Agreement between the Escrow Account bank and BT, SIB, and STB is effective; (b) confirm whether the minimum required terms and conditions of the Escrow Account Agreement are consistent with the requirements of the Escrow Account Regulations and other applicable legislation; (c) confirm that collection and distribution of revenues is carried out in accordance with the requirements of the Escrow Account Regulations; and (d) validate whether cash from other account(s) of BT was prioritized to cover the most expensive liabilities of BT.
DLR 11.11: By December 31, 2029, (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 existing liabilities including payments on sovereign-guaranteed debt.	The target will be considered achieved if: (a) collection and distribution of electricity sector revenues from domestic market is carried out according to Escrow Account Regulations; and (b) expenditures from all other accounts of BT are prioritized in a way to pay for liabilities with the highest cost for BT.	No	Data source: (a) escrow account financial statements, reports on collected and distributed revenues, expenditures plans submitted by BT to Escrow Account bank; (b) statements from other bank accounts. Agency: MEWR.	Auditor/financial consultant with qualifications and TOR acceptable to the Bank.	The IVA will: (a) validate whether the Escrow Account Agreement between the Escrow Account bank and BT, SIB, and STB is effective; (b) confirm whether the minimum required terms and conditions of the Escrow Account Agreement are consistent with the requirements of the Escrow Account Regulations and other applicable legislation; (c) confirm that collection and distribution of revenues is carried out in accordance with the requirements of the Escrow Account Regulations; and (d)



DLI	Definition/ Description of achievement	Scalability of Disbursements (Yes/No)	Protocol to evaluate achievement of the DLI and data/result verification		
			Data source/agency	Verification Entity	Procedure
					validate whether cash from other account(s) of BT was prioritized to cover the most expensive liabilities of BT.
DLR 11.12: By December 31, 2030, (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 existing liabilities including payments on sovereign-guaranteed debt.	The target will be considered achieved if: (a) collection and distribution of electricity sector revenues from domestic market is carried out according to Escrow Account Regulations; and (b) expenditures from all other accounts of BT are prioritized in a way to pay for liabilities with the highest cost for BT.	No	Data source: (a) escrow account financial statements, reports on collected and distributed revenues, expenditures plans submitted by BT to Escrow Account bank; (b) statements from other bank accounts. Agency: MEWR.	Auditor/financial consultant with qualifications and TOR acceptable to the Bank.	The IVA will: (a) validate whether the Escrow Account Agreement between the Escrow Account bank and BT, SIB, and STB is effective; (b) confirm whether the minimum required terms and conditions of the Escrow Account Agreement are consistent with the requirements of the Escrow Account Regulations and other applicable legislation; (c) confirm that collection and distribution of revenues is carried out in accordance with the requirements of the Escrow Account Regulations; and (d) validate whether cash from other account(s) of BT was prioritized to cover the most expensive liabilities of BT.



ANNEX 1: INTEGRATED RISK ASSESSMENT

SYSTEMATIC OPERATIONS RISK-RATING TOOL (SORT)

Risk Category	Latest ISR Rating	Current Rating
Political and Governance	● Substantial	● Substantial
Macroeconomic	● High	● High
Sector Strategies and Policies	● Moderate	● Substantial
Technical Design of Project or Program	● Moderate	● Moderate
Institutional Capacity for Implementation and Sustainability	● Moderate	● Moderate
Fiduciary	● High	● Substantial
Environment and Social	● Substantial	● Substantial
Stakeholders	● Moderate	● Substantial
Other		● Substantial
Overall	● Substantial	● Substantial



ANNEX 2: MODIFIED PROGRAM ACTION PLAN

Issue	Mitigation Measure	Revised Measure	Responsibility	Current Deadline	Revised Deadline	Status
Regulatory						
Establishment of adequately staffed Tariff Unit under AMS	The Government approves establishment of adequately staffed Tariff Unit under AMS with responsibility and functions related to review and provision of recommendation to the Cabinet on revision of tariffs in accordance with new tariff methodology	-	The Government	Dec. 31, 2020	Sep. 30, 2022	In-progress
Financial Management						
Constraints on effective implementation of effective internal audit	Hire two additional internal audit staff for BT	BT to hire and retain two internal auditors; SIB to hire and retain one internal auditor, and STB to hire and retain two internal auditors	BT, SIB, and STB	Within 6 months after the Program effectiveness	Aug. 30, 2022	Each of the company hired one internal auditor
Internal audit staff does not have the required certification	The internal audit staff to pass the national Internal Auditor Certification	-	BT	Within one year after the Program effectiveness	Dec. 31, 2022	Not started yet
Cost of BT debt from MOF is not reflective of the cost of funds for the Republic of Tajikistan	Revision of specified subsidiary agreements between MOF and BT to mirror the original terms reflected in international agreements between MOF and financiers	-	The Government and BT	Dec. 31, 2022	Sep. 30, 2022	In-progress
Inefficient corporate governance of BT	Corporate governance of BT generation, transmission, and distribution companies is	Corporate governance of BT, SIB, and STB is strengthened	The Government	Supervisory Boards and the specialized	Supervisory Boards and the	In-progress



Issue	Mitigation Measure	Revised Measure	Responsibility	Current Deadline	Revised Deadline	Status
	strengthened			committees are in place by Dec. 30, 2020 and continue to be functional during the whole period of the Program implementation	specialized committees are in place by May 30, 2022 and continue to be functional during the whole period of the Program implementation	
Weak capacity of financial management, accounting and internal audit staff	Prepare a capacity building and training plan, acceptable to the Bank, for improving the BT staff capacity in longer term institutional capital budget planning, international accounting/financial reporting standards/auditing standards and internal control procedures	-	BT	The capacity building and training plan, agreed with the Bank, to be developed and approved by the BT no later than 6 months after the Program effectiveness	-	BT has developed a capacity building and training plan, which was agreed with the Bank
Procurement						
General conditions of contracts are not part of the bidding documents	The Public Procurement Agency would continue working on improvement of standard bidding documents taking into account the recommendations from the Bank	-	State Procurement Agency and BT	Continuous during the Program implementation	-	In-progress. The General conditions would be submitted for Bank review by Sep 3., 2022



Issue	Mitigation Measure	Revised Measure	Responsibility	Current Deadline	Revised Deadline	Status
No publicly available information on the procurement complaints received by BT and how they are addressed	Create a dedicated section in BT public website to post the information on procurement complaints handling	Create a dedicated section on public websites of BT, SIB, and STB to post the information on procurement complaints handling	BT	Created by December 30, 2020 and maintained continuously during Program implementation	-	Completed
Competitive procurement of critical services required for successful implementation of the Program	Outsourcing critical specialized services, such as capacity development support, Independent Verification Agent (IVA) and audit to the market on a competitive basis		BT	Continuous during Program implementation	-	No consultancy services selected yet
Environmental						
Gaps in environmental management policies and guidelines, including on PCB-containing oils	Develop corporate environmental policy and key guidelines, regulations and norms for BT generation, transmission, and distribution companies to facilitate adequate environmental performance in implementing rehabilitation, replacement, and upgrade of key assets.	-	BT with the assistance of Energy Sector Project Management Unit (ESPMU)	Oct. 30, 2020	-	Completed
The only existing BT environmental specialist cannot ensure compliance of Program activities (due to large workload) with requirements of applicable environmental legislation and regulations	Hire additional environmental specialists/consultants at BT generation and transmission companies and ensure that the newly formed generation, transmission and distribution companies also have adequate in-house environmental capacity	Retain the environmental specialist/consultant at BT for the duration of the Program; hire and retain the environmental specialists at SIB and STB	BT, SIB, and STB	Oct. 30, 2020	Oct. 30, 2022	Partially completed
Lack of in-house environmental management capacity at	Develop relevant educational modules and organize regular trainings on environmental	Develop relevant educational modules and organize regular trainings	- Until Dec. 31, 2021: BT with the assistance of	Oct. 30, 2020 and once per year afterwards	-	Development of educational



Issue	Mitigation Measure	Revised Measure	Responsibility	Current Deadline	Revised Deadline	Status
BT generation, transmission, and distribution companies, and limited knowledge among local contractors with the Committee of Environmental Protection (CEP) requirements	management for BT generation and transmission companies, and for their contractors	on environmental management for BT, SIB, STB and for their contractors	ESPMU and in cooperation with CEP. - From Jan. 1, 2022 till Dec. 31, 2030: BT, SIB, STB in cooperation with CEP			modules is completed and one training session done
Inadequate reporting on compliance of self-financed infrastructure investment and rehabilitation activities with requirements of environmental legislation and regulations	Annual evaluation, monitoring and reporting of progress on environmental and social issues, especially regarding the compliance of the Program activities with the environmental legislation and regulations	-	- Until Dec. 31, 2020: BT with the assistance of ESPMU - From Jan. 1, 2021 till Dec. 31, 2030: BT, SIB, and STB	Oct. 30, 2020 and once per year afterwards	Dec. 31, 2022 and once per year	Not started yet
Social						
No analysis of poverty impacts before tariff increase decisions are made and implemented	Ministry Of Health and Social Protection (MOHSP) or the designated government agency will carry out analysis of poverty impacts of planned annual tariff increases, based on trajectory of increases to be approved through adoption of Tariff Paper, and estimate the fiscal cost of protection through TSA and adjustments required to lifeline tariffs	-	MOHSP and BT	By Sep. 30, 2020 for 2020 and no later than July of each year for subsequent years to allow for timely inputs into budgeting process	By Nov. 30, 2022 for 2022 and no later than July of each year for subsequent years to allow for timely inputs into budgeting process	Not started yet
Existing Targeted Social Assistance (TSA) program does not reach all socially vulnerable consumers and	- TSA rolled out nationally and the refined design of TSA incorporates a mechanism to mitigate the impact of increasing	-	MOHSP, MOF	Oct. 31, 2020	-	Completed



Issue	Mitigation Measure	Revised Measure	Responsibility	Current Deadline	Revised Deadline	Status
is not adequately funded to protect against electricity tariff increases	electricity prices, including corresponding budget allocation					
	<ul style="list-style-type: none">- Development of a lifeline tariff mechanism to mitigate the impact of increasing electricity prices on the poor and vulnerable- Implementation of a lifeline tariff mechanism for residential consumers		BT, MEWR, and AMS BT, MEWR, and AMS	Nov. 30, 2020 July 31, 2021 and onwards	Nov. 30, 2022 July 31, 2023	In-progress Not started yet



ANNEX 3: DETAILED IMPLEMENTAION PROGRESS

1. The following summarizes the overall progress and key issues of the project implementation as of December 31, 2021. BT achieved the following DLRs as of December 31, 2021. DLR 2.1: By June 30, 2020, the Recipient converts into equity ownership of BT the outstanding principal amounts and interest payable by BT for 10 loans under Group 1 Subsidiary Agreements.

- 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.
- DLR 2.2: By June 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.
- DLR 2.3: By December 31, 2020, the Recipient converts into equity ownership of BT the outstanding principal amounts and interest payable under additional four 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.
- DLR 2.5: 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.
- DRL 5.1: By June 30, 2020, at least 1,000 GWh is received by BT.
- DRL 5.2: By December 31, 2020, at least 800 GWh is received by BT.
- DRL 5.3: By June 30, 2021, at least 1,000 GWh is received by BT.
- DRL 5.4: By December 31, 2021, at least 800 GWh is received by BT.
- DRL 5.3: By June 30, 2021, at least 1,000 GWh is received by BT from Sangtuda-1 power plant.
- DLR 9.1: By December 31, 2020, BT publishes on its website key quarterly operational data and unaudited financial statement for 2019.
- DLR 9.2: By December 31, 2021, BT publishes on its website key quarterly operational data and unaudited financial statement for 2020.

2. Implementation of other DLRs by the targeted deadlines was not possible due to economic and healthcare impacts of COVID-19 (non-availability of key staff at implementing entities), therefore, the Ministry of Finance (MOF) requested (letter No. 5/5-19/05 dated January 5, 2022) more time for achievement of specified DLRs.

Previous Project Restructurings

3. **The Project underwent two restructurings since effectiveness.** The restructurings were limited to allowing more time for achievement of some DLRs and disaggregation of one of the DLRs.

4. **First restructuring dated August 28, 2020.** The restructuring was required to allow more time for achievement of DLRs 2.1 and 2.2 (due to COVID-19 impacts) and reflect correctly in BT's financial statements the revised terms of financing under Group 1 Subsidiary Agreements. The revision of the deadline for achievement of DLR 8.1 was also required given the delay in introducing elements of corporate governance due to the unavailability of key people (again caused by COVID-19). The following specific changes were made.



- DLR 2.1: “By June 30, 2020, the Recipient converts into equity ownership of BT the outstanding principal amounts and interest payable by BT for 10 loans under Group 1 Subsidiary Agreements.” The deadline was revised from June 30, 2020, to October 30, 2020.
- DLR 2.2: “By June 30, 2020, the terms of any new financing received by BT from MOF are aligned with the terms in the respective legal agreements between the Recipient and the financiers.” The deadline was revised from June 30, 2020, to October 30, 2020.
- DLR 8.1: “By December 31, 2020, supervisory boards are functional and specialized committees (audit and compensation) are formed at BT generation, transmission and distribution companies, comprising of members of supervisory boards and chaired by independent supervisory board members.” The deadline was revised from December 31, 2020, to March 31, 2021.

5. Second restructuring dated March 5, 2021. The second restructuring was required to revise DLR 1.1 and extend the deadline for achievement of the targets considering that: (i) the main building block of this DLR - increase of electricity tariffs in 2020 – was not feasible due to the deterioration of the economic situation in the country caused by COVID-19; and (ii) the development of the Electricity Tariff Paper and appointment of key staff in the Tariff Unit of AMS were delayed due to COVID-19 impacts. The original wording for DLR 1.1 was: “By December 31, 2020: (a) at least twelve (12) percent increase of average end-user tariff for BT has been adopted by the Recipient; (b) 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 (c) establishment of an adequately staffed Tariff Unit at AMS.” The restructuring was requested to: (i) replace DLR 1.1 with the following two new DLRs comprised of components of the original DLR 1.1; and (ii) extend the deadline for achievement of revised DLRs.

- **Revised DLR 1.1:** By September 30, 2021, at least twelve (12) percent increase of average end-user tariff for BT has been adopted by the Recipient.
- **New DLR. 1.7:** By June 30, 2021, 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 AMS. The Recipient’s request was to specify a deadline of March 31, 2021.