

CONFORMED COPY

CREDIT NUMBER 2868-1 KG
(Amendment)

Agreement Amending Project Agreement

(Power and District Heating Rehabilitation Project)

between

INTERNATIONAL DEVELOPMENT ASSOCIATION

and

KYRGYZ NATIONAL ENERGY HOLDING COMPANY

Dated May 26, 1999

CREDIT NUMBER 2868-1 KG
(Amendment)

AGREEMENT AMENDING PROJECT AGREEMENT

AGREEMENT, dated May 26, 1999, between INTERNATIONAL DEVELOPMENT ASSOCIATION (the Association) and KYRGYZ NATIONAL ENERGY HOLDING COMPANY (KNEHC).

WHEREAS (A) the KYRGYZ REPUBLIC (the Borrower) and the Association have entered into a Development Credit Agreement (Power and District Heating Rehabilitation Project) dated July 3, 1996 (the Development Credit Agreement) for the purpose of assisting in the financing of the project described in Schedule 2 to the Development Credit Agreement;

(B) in consideration of the Association's entering into the Development Credit Agreement with the Borrower, KNEHC has agreed to undertake the obligations set forth in a Project Agreement between the Association and KNEHC, dated July 3, 1996;

(C) by the Amending Agreement of even date herewith between the Borrower and the Association, the Association has agreed to make available to the Borrower an amount in various currencies equivalent to eleven million two hundred thousand Special Drawing Rights (SDR 11,200,000), on the terms and conditions set forth in the Amending Agreement, but only on condition that KNEHC agree to undertake such obligations toward the Association as are set forth in this Agreement;

(D) by an amendment to the Subsidiary Loan Agreement to be entered into between the Borrower and KNEHC, the proceeds of the supplemental amount provided for under the Amending Agreement will be made available to KNEHC on the terms and conditions set forth in said amendment to the Subsidiary Loan Agreement; and

WHEREAS KNEHC, in consideration of the Association's entering into the Amending Agreement with the Borrower, has agreed to undertake the obligations set forth in this Amending Project Agreement;

NOW THEREFORE the parties hereto hereby agree as follows:

ARTICLE I

Amendments of the Project Agreement

Section 1.01. In Subsection 4.04(b) of the Project Agreement, the date is amended to read June 30, 2000.

Section 1.02. In Subsection 4.04(c) of the Project Agreement, the date is amended to read September 30, 2000.

Section 1.03. Section 4.08 of the Project Agreement is amended to read as follows:

"Section 4.08. KNEHC shall take all actions required on its part to ensure that its accounts receivable, both for power and heat, shall not exceed the equivalent of: (i) 120 days of its average annual billing by December 31, 1998; (ii) 90 days of its average annual billing by December 31, 1999; and (iii) 60 days of its average annual billing by December 31, 2000 and thereafter."

ARTICLE II

Effective Date; Termination

Section 2.01. This Amending Project Agreement shall come into force and effect on the date upon which the Amending Agreement becomes effective.

Section 2.02. If the Amending Agreement shall not have come into force and effect by a date ninety (90) days after the date of the Amending Agreement, this Amending Project Agreement and all obligations of the parties hereunder shall terminate, unless the Association establishes a later date for the purposes of Section 2.04 of the Amending Agreement. If this Amending Project Agreement shall terminate under the provisions of this Section, the Project Agreement shall continue in full force and effect, as if this Amending Project Agreement had not been executed.

IN WITNESS WHEREOF, the parties hereto, acting through their duly authorized representatives, have caused this Amending Project Agreement to be signed in their respective names in the District of Columbia, United States of America, as of the day and year first above written.

INTERNATIONAL DEVELOPMENT ASSOCIATION

By /s/ Nancy J. Cooke

Acting Regional Vice President
Europe and Central Asia

KYRGYZ NATIONAL ENERGY HOLDING COMPANY

By /s/ Baktybek Abdrissaev

Authorized Representative



