Financing Agreement

(Central Asia South Asia Electricity Transmission and Trade Project)

between

ISLAMIC REPUBLIC OF PAKISTAN

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated May 15, 2015
FINANCING AGREEMENT

AGREEMENT dated May 11, 2015, entered into between ISLAMIC REPUBLIC OF PAKISTAN ("Recipient") and INTERNATIONAL DEVELOPMENT ASSOCIATION ("Association").

WHEREAS:

(A) the governments of the Recipient, the Islamic Republic of Afghanistan ("Afghanistan"), the Kyrgyz Republic ("Kyrgyzstan") and the Republic of Tajikistan ("Tajikistan") (collectively, the "Participating Countries") have signed a series of agreements and memoranda of understanding, referred to herein as the CASA-1000 Agreements, with the broad objective of creating the conditions for regional trade of electricity, through, inter alia: (i) optimizing the usage of their common energy resources; (ii) increasing power supply in the region taking into account comparative costs of development and supply in order to increase the access to electricity; (iii) providing efficient co-ordination between various initiatives taken in the fields of power production and transmission; and (iv) facilitating, in the long-term, the development of an electricity market in the region;

(B) the Association intends to support the CASA-1000 Project ("Project", as described in Schedule I hereto);

(C) the Recipient, having satisfied itself as to the feasibility and priority of the Project, has requested the Association to assist in the financing of part of the Project;

(D) the Project will be carried out in the Recipient’s territory by the National Transmission and Despatch Company Ltd. (NTDC), an electricity transmission and dispatch utility established and operating under the laws of the Recipient ("Project Implementing Entity"), as further defined in the Appendix to this Agreement, with the Recipient’s assistance and, as part of such assistance, the Recipient will make, the proceeds of the Financing provided for in Article II of this Agreement available to the Project Implementing Entity, through a Subsidiary Agreement, as set forth in this Agreement;

(E) by separate financing agreements to be entered into between Afghanistan, Kyrgyzstan, and Tajikistan, respectively, with the Association ("Afghanistan Financing Agreement", "Kyrgyzstan Financing Agreement", and "Tajikistan Financing Agreement" as further defined in the Appendix to this Agreement), the Association will extend to Afghanistan, Kyrgyzstan, and Tajikistan credits and grants in an amount equivalent to two hundred six million three hundred thousand Special Drawing Rights (SDR 206,300,000),
twenty nine million four hundred thousand Special Drawing Rights (SDR 29,400,000) and twenty nine million four hundred thousand Special Drawing Rights (SDR 29,400,000) respectively, to finance the cost of activities related to their respective parts of the Project, on terms and conditions set forth in the Afghanistan Financing Agreement, the Kyrgyzstan Financing Agreement, and the Tajikistan Financing Agreement;

(F) the Recipient intends to obtain from Islamic Development Bank (the "IDB") an amount equivalent to up to 80 million Dollars to assist the Recipient in financing part of the cost of the Project on terms and conditions set forth in an agreement to be entered into between the Recipient and the IDB (the "IDB Agreement");

(G) the Participating Countries also intend to seek financial assistance from other financiers to assist them in financing part of the cost of the Project ("Additional Financing"), in accordance with additional financing agreements to be entered into between the Participating Countries and other financiers; and

(H) the Association has also agreed, on the basis, inter alia, of the foregoing, to extend the Credit provided for in Article II of this Agreement to the Recipient upon the terms and conditions set forth in this Agreement and in the Project Agreement of even date herewith between the Association and the Project Implementing Entity ("Project Agreement").

NOW THEREFORE, the Recipient and the Association hereby agree as follows:

ARTICLE I — GENERAL CONDITIONS; DEFINITIONS

1.01. The General Conditions (as defined in the Appendix to this Agreement) constitute an integral part of this Agreement.

1.02. Unless the context requires otherwise, the capitalized terms used in this Agreement have the meanings ascribed to them in the General Conditions or in the Appendix to this Agreement.

ARTICLE II — FINANCING

2.01. The Association agrees to extend to the Recipient, on the terms and conditions set forth or referred to in this Agreement, a credit in an amount equivalent to seventy eight million three hundred thousand Special Drawing Rights (SDR 78,300,000) (variously, “Credit” and “Financing”), to assist in financing part of the project described in Schedule 1 to this Agreement (“Project”).
2.02. The Recipient may withdraw the proceeds of the Financing in accordance with Section IV of Schedule 2 to this Agreement.

2.03. The Maximum Commitment Charge Rate payable by the Recipient on the Unwithdrawn Financing Balance shall be one-half of one percent (1/2 of 1%) per annum.

2.04. The Service Charge payable by the Recipient on the Withdrawn Credit Balance shall be equal to three-fourths of one percent (3/4 of 1%)

2.05. The Interest Charge payable by the Recipient on the Withdrawn Credit Balance shall be equal to one and a quarter percent (1.25%) per annum

2.06. The Payment Dates are April 1 and October 1 in each year.

2.07. The principal amount of the Credit shall be repaid in accordance with the repayment schedule set forth in Schedule 3 to this Agreement.

2.08. The Payment Currency is Dollar.

ARTICLE III — PROJECT

3.01. The Recipient declares its commitment to the objective of the Project. To this end, the Recipient shall cause the Project Implementing Entity to carry out the Project within the Recipient’s territory in accordance with the provisions of Article IV of the General Conditions and the Project Agreement.

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

ARTICLE IV — REMEDIES OF THE ASSOCIATION

4.01. The Additional Events of Suspension consist of the following:

(a) Any party to the Subsidiary Agreement has failed to perform any of its obligations under the Subsidiary Agreement.
(b) The Project Implementing Entity's Legislation has been amended, suspended, abrogated, repealed or waived so as to affect materially and adversely the ability of the Project Implementing Entity to perform any of its obligations under the Project Agreement.

(c) Any of the Host Government Agreements, the Coordination Agreement, the Inter-Governmental Agreement, or any IGC Resolution has been amended, suspended, abrogated, repealed or waived so as to affect materially and adversely the ability of the Recipient or the IGC to carry out their respective responsibilities in connection with the Project.

(d) The right of any Participating Country under any of the Core Financing Agreements to withdraw the proceeds of such financing is suspended, canceled or terminated, in whole or in part, pursuant to the terms of such agreement.

(e) The Core Commercial Agreements have not been executed by all respective parties and have not become effective by the date which is twelve (12) months after the Effective Date.

(f) Any of the Core Commercial Agreements or Core Construction Agreements has been amended, suspended, abrogated or waived by any party thereto in a manner that would affect materially and adversely the carrying out of the Project.

4.02. The Additional Events of Acceleration consist of any of the events specified in Section 4.01 of this Agreement.

ARTICLE V — EFFECTIVENESS; TERMINATION

5.01. The Additional Conditions of Effectiveness consist of the following:

(a) The parties to the Power Purchase Agreements and the Master Agreement have signed said Agreements, in form and substance agreed with the Association.

(b) The Subsidiary Agreement has been executed on behalf of the Recipient and the Project Implementing Entity and all conditions precedent to its effectiveness (other than the effectiveness of this Agreement) have been fulfilled.

(c) The Core Financing Agreements have been executed and all conditions precedent to their effectiveness (other than the effectiveness of this Agreement) have been fulfilled.
5.02. The Additional Legal Matter is that the Subsidiary Agreement has been duly authorized or ratified by the Recipient and the Project Implementing Entity and is legally binding upon the Recipient and the Project Implementing Entity in accordance with its terms.

5.03. The Effectiveness Deadline is the date one hundred eighty (180) days after the date of this Agreement.

5.04. For purposes of Section 8.05 (b) of the General Conditions, the date on which the obligations of the Recipient under this Agreement (other than those providing for payment obligations) shall terminate is twenty (20) years after the date of this Agreement.

ARTICLE VI — REPRESENTATIVE; ADDRESSES

6.01. The Recipient’s Representative is the Secretary to the Government of Pakistan, Economic Affairs Division (“EAD”), or any Additional Secretary, Joint Secretary, Deputy Secretary or Section Officer in EAD.

6.02. The Recipient’s Address is:

The Secretary  
Economic Affairs Division  
Government of Pakistan  
Islamabad  
Pakistan

Facsimile:

(92-51) 9202417

6.03. The Association’s Address is:

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

Cable:  
Telex:  
Facsimile:

INDEVAS  
248423 (MCI)  
1-202-477-6391  
Washington, D.C.
AGREED at , , as of the day and year first above written.

ISLAMIC REPUBLIC OF PAKISTAN

By

Authorized Representative

Name: MUHAMMAD SALEEM SETHI
Title: SECRETARY, EAD

INTERNATIONAL DEVELOPMENT ASSOCIATION

By

Authorized Representative

Name: RACHID BENMESSAOUD
Title: COUNTRY DIRECTOR, PAKISTAN
SCHEDULE 1

Project Description

The objective of the Project is to create the conditions for sustainable electricity trade between the Central Asian countries of Tajikistan and Kyrgyzstan and the South Asian countries of Afghanistan and Pakistan.

The Project consists of the following parts, of which that portion of Parts A.1, and A.2 (iii) within the territory of the Recipient may be financed pursuant to this Agreement:

Part A. Construction of High Voltage Transmission Infrastructure

1. High Voltage DC Transmission Line. Construction of about 750 km of 500 kV high voltage DC overhead transmission line to interconnect the electricity network of Tajikistan from the Sangtuda converter station to the Pakistan network, at the Peshawar converter station, and the Afghanistan network at the Kabul converter station.

2. High Voltage DC Converter Stations. Engineering design, construction, and commissioning of three high voltage DC converter stations: (i) Sangtuda converter station (1,300 MW) in Tajikistan, (ii) Kabul converter station (300 MW) in Afghanistan, and (iii) Peshawar converter station (1,300 MW) in Pakistan, including specialized AC and DC equipment.

3. Kyrgyz-Tajik High Voltage AC Transmission Interconnection. Construction of about 475 km of 500 kV high voltage AC overhead transmission line to interconnect the electricity network of Kyrgyzstan from Datka substation to the Tajikistan network, at the Khujand substation, along with associated substation equipment.

4. Tajikistan Grid Reinforcement. Reinforcements, including construction of 500 kV line from Regar substation to Sangtuda converter station and other parts of the network necessary to ensure transfer of Tajikistan and Kyrgyzstan export power to Sangtuda.

Part B. Technical Assistance and Project Implementation Support

1. High Voltage DC and High Voltage AC Owner’s Engineers. Provision of consultancy services of two owner’s engineers for the high voltage DC and high voltage AC portions of the Project, including for third-party monitoring and supervision during construction.

2. Environment and Social Management Support. Strengthening of the Project Implementing Entity’s capacity to develop and supervise environmental and social safeguards documents, including country-specific Environmental and Social Impact Assessments and Resettlement Action Plans.
3. **Audits, Financial and Revenue Management.** Carrying out of annual audits of the Project accounts in the four Participating Countries, of entity audits of the Project Implementing Entities where such audits are not financed from other sources, and supporting transparent financial management of revenues generated by the Project, including the implementation of a financial management improvement program.

4. **Project Management Support.** Provision of (i) Project management support to Project Implementing Entities, including procurement and contract management, financial management, monitoring and evaluation of Project performance and results as well as incremental operating costs; (ii) training and capacity building focusing on High Voltage DC operations and maintenance, and power dispatch; and (iii) commercial and legal advisory services on the commercial transactions.

5. **Coordination.** Strengthening of the Inter-Governmental Council through financing of technical, commercial and legal services and incremental operating costs.

6. **Project Communications.** Carrying out of communications campaign and information-sharing activities directed at relevant stakeholders, particularly communities, within the Project area.

7. **Capacity Building.** Building capacity of personnel of the Project Implementing Entity and relevant government officials in order to develop a regional electricity market.

**Part C. Community Support Program**

Carrying out the Community Support Program for the benefit of the communities living in the area of the Project.
SCHEDULE 2

Project Execution

Section I. Implementation Arrangements

A. Institutional Arrangements

1. The Recipient shall assign to the Project Implementing Entity the responsibility for overall Project management and coordination, including, *inter alia*:

   (a) preparation of withdrawal applications under the Financing;

   (b) maintenance of records and accounts related to the Project and arranging for the audit thereof;

   (c) participation in administration of bidding procedures and of contracts under the Project; and

   (d) preparation of quarterly Project Reports pursuant to paragraph A of Section II of this Schedule.

2. The Recipient shall (a) take all actions, including ensuring the provision of facilities, services, and other resources, necessary or appropriate for the carrying out of the Project by the Project Implementing Entity; (b) take all actions necessary to ensure the timely provision of Additional Financing; and (c) not take or permit to be taken any action which would prevent or interfere with the carrying out of the Project.

3. The Recipient shall participate in the work of the IGC, its secretariat and the committees through a designated representative or representatives and shall take all necessary actions to enable the IGC to: (a) provide overall strategic guidance for the Project; (b) serve as a liaison between the Participating Countries and Project Implementing Entities; and (c) monitor the Project activities and consolidate progress reporting.

B. Project Covenants

1. Core Construction Agreements:

   (a) The Recipient shall take all necessary measures to ensure that contracts for the HVDC converter stations under Part A.2 of the Project will be signed by the contractor and the Project Implementing Entities for the Recipient, Afghanistan, and Tajikistan respectively no later than December 31, 2015.
(b) The Recipient shall take all necessary measures to ensure that contracts for the HVDC transmission line under Part A.1 of the Project will be signed by the contractor and the Project Implementing Entities for the Recipient, Afghanistan, and Tajikistan respectively no later than December 31, 2015.

(c) The Recipient shall take all necessary measures to ensure that contracts for the HVAC transmission line under Part A.3 of the Project will be signed by the contractor and Project Implementing Entities for Kyrgyzstan and Tajikistan respectively no later than December 31, 2015.

(d) The Recipient shall take all necessary measures to ensure that the operations and maintenance contract will be signed by the contractor and the Project Implementing Entities for the Recipient, Afghanistan, Kyrgyzstan and Tajikistan respectively no later than June 30, 2016.

2. Core Commercial Agreements: The Recipient shall take all necessary measures to ensure that the Core Commercial Agreements have been executed by all respective parties and have become effective by the date which is twelve (12) months after the Effective Date.

3. Community Support Program. The Recipient shall take all necessary measures to ensure that prior to the commencement of construction work for the HVDC transmission line under Part A.1 of the Project:

   (a) the Operational Manual for the Community Support Program for the Recipient, satisfactory to the Association, shall be finalized; and

   (b) financing shall be secured for the purpose of implementing the Community Support Program in the Recipient’s territory, on terms and conditions acceptable to the Association.

4. Not later than twelve (12) months after the Effective Date, the Recipient shall secure Co-financing sufficient for Parts A and B of the Project, execute a Co-financing Agreement for said Co-financing, and ensure the effectiveness of said Co-financing Agreements.

C. Subsidiary Agreement

1. To facilitate the carrying out of Part A.1 and A.2 (iii) of the Project within its territory, the Recipient shall make the proceeds of the Financing available to the Project Implementing Entity under a subsidiary agreement between the Recipient and the Project Implementing Entity in accordance with the Recipient’s re-lending policies.
and procedures, under terms and conditions acceptable to the Association ("Subsidiary Agreement").

2. The Recipient shall exercise its rights under the Subsidiary Agreement in such manner as to protect the interests of the Recipient and the Association and to accomplish the purposes of the Financing. Except as the Association shall otherwise agree, the Recipient shall not assign, amend, abrogate or waive the Subsidiary Agreement or any of its provisions.

D. Anti-Corruption

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

E. Safeguards

1. The Recipient shall take all action required on its behalf to ensure that the Project is implemented in accordance with the provisions of the Safeguards Instruments, all in a manner satisfactory to the Association.

2. Without limitation upon its other reporting obligations under this Agreement, the Recipient shall cause the Project Implementing Entity to furnish to the Association on a quarterly basis reports on the status of compliance with the Safeguards Instruments, giving details of:

   (a) measures taken in furtherance of the Safeguards Instruments;

   (b) conditions, if any, which interfere or threaten to interfere with the smooth implementation of any of the Safeguards Instruments; and

   (c) remedial measures taken or required to be taken to address such conditions.

3. The Recipient shall promptly take, or cause the Project Implementing Entity to take, all remedial measures referred to in paragraph 2 (c) above, as shall have been agreed by the Association.

4. The Recipient shall cause the Project Implementing Entity to ensure that each contract procured under the Project includes the obligation of the relevant contractor to comply with the relevant Safeguard Instruments applicable to the respective activities commissioned/awarded pursuant to said contract.
Section II. Project Monitoring, Reporting and Evaluation

A. Project Reports

1. The Recipient shall, and shall cause the Project Implementing Entity to, monitor and evaluate the progress of the Project and prepare Project Reports in accordance with the provisions of Section 4.08 of the General Conditions and on the basis of the indicators acceptable to the Association. Each Project Report shall cover the period of one calendar quarter, and shall be furnished to the Association not later than 45 days after the end of the period covered by such report.

2. Notwithstanding the provisions of paragraph 1 above, the Recipient shall: (a) commencing for the calendar quarter that includes the effective date six months after the Effective Date, prepare and submit to the IGC and the Association, Implementation Reports for each quarter in form and substance satisfactory to the Association, which shall include recommended actions to ensure timely implementation of specific targets and milestones relating to the Project; and (b) thereafter carry out or shall cause the Project Implementing Entity to carry out specific actions and recommendations, as agreed with the Association and IGC.

B. Financial Management, Financial Reports and Audits

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

2. Without limitation on the provisions of Part A of this Section, the Recipient shall prepare and furnish, or cause the Project Implementing Entity to prepare and furnish, to the Association not later than 45 days after the end of each calendar quarter, interim unaudited financial reports for the Project covering the quarter, in form and substance satisfactory to the Association.

3. The Recipient shall cause the Project Implementing Entity to have its Financial Statements audited in accordance with the provisions of Section 4.09 (b) of the General Conditions. Each audit of the Financial Statements shall cover the period of one Fiscal Year, commencing with the Fiscal Year in which the first withdrawal is made. The audited Financial Statements for each such period shall be furnished to the Association not later than six months after the end of such period.

Section III. Procurement

A. General

1. Goods, Works and Non-consulting Services. All goods, works and non-consulting services required for the Project and to be financed out of the proceeds...
of the Financing shall be procured in accordance with the requirements set forth or referred to in Section I of the Procurement Guidelines, and with the provisions of this Section.

2. **Consultants' Services.** All consultants’ services required for the Project and to be financed out of the proceeds of the Financing shall be procured in accordance with the requirements set forth or referred to in Sections I and IV of the Consultant Guidelines, and with the provisions of this Section.

3. **Definitions.** The capitalized terms used below in this Section to describe particular procurement methods or methods of review by the Association of particular contracts, refer to the corresponding method described in Sections I and III of the Procurement Guidelines, or Sections II, III, IV and V of the Consultant Guidelines, as the case may be.

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

1. **International, National Competitive Bidding.** Except as otherwise provided in paragraph 2 below, goods, works and non-consulting services shall be procured under contracts awarded on the basis of International Competitive Bidding.

2. **Other Methods of Procurement of Goods, Works and Non-consulting Services.** The following methods, other than International Competitive Bidding, may be used for procurement of goods, works and non-consulting services for those contracts specified in the Procurement Plan: (a) Limited International Bidding; (b) National Competitive Bidding, subject to the following additional provisions in paragraph 3 below; (c) Shopping; (d) Direct Contracting; and (e) Community Participation procedures which have been found acceptable to the Association.

3. **Additional Procedures for National Competitive Bidding.** When procuring goods and non-consultant services pursuant to the provision of Rule 5 and 20 through 36(a) of the Recipient’s Public Procurement Rules (2010) (No. MD PPRA)2-I/2010), as agreed to with the Association, the Recipient shall ensure that the following additional requirements be applied in order to align such procedures with the principles of economy, efficiency, transparency set forth in the Procurement Guidelines:

   (i) Invitation to bid shall be advertised in at least one (1) national newspaper with wide circulation, at least thirty (30) days prior to the deadline for submission of bids;

   (ii) bid documents shall be made available, by mail or in person, to all who are willing to pay the required fee;
(iii) foreign bidders shall not be precluded from bidding and no preference of any kind shall be given to national bidders in the bidding process;

(iv) bidding shall not be restricted to pre-registered firms;

(v) qualification criteria shall be stated in the bidding documents;

(vi) bids shall be opened in public, immediately after the deadline for submission of bids;

(vii) bids shall not be rejected merely on the basis of a comparison with an official estimate without the prior concurrence of the Association;

(viii) before rejecting all bids and soliciting new bids, the Association’s prior concurrence shall be obtained;

(ix) bids shall be solicited and works contracts shall be awarded on the basis of unit prices and not on the basis of a composite schedule of rates;

(x) contracts shall not be awarded on the basis of nationally negotiated rates;

(xi) a single bid shall also be considered for award;

(xii) contracts shall be awarded to the lowest evaluated and qualified bidder;

(xiii) post-bidding negotiations shall not be allowed with the lowest evaluated or any other bidder;

(xiv) draft National Competitive Bidding contract would be reviewed by the Association in accordance with prior review procedures;

(xv) any firm declared ineligible by the Association, based on a determination by the Association that the firm has engaged in corrupt, fraudulent, collusive, coercive or obstructive practices in competing for or in executing an Association-financed contract, shall be ineligible to be awarded an Association-financed contract during the period of time determined by the Association; and

(xvi) each contract financed from the proceeds of the Credit shall provide that the suppliers, contractors and subcontractors shall permit the Association, at its request, to inspect their accounts and records relating to the performance of the contract and to have said accounts and records audited by auditors appointed by the Association. The deliberate and material violation by the supplier, contractor or subcontractor of such provision
may amount to obstructive practice.

C. Particular Methods of Procurement of Consultants’ Services

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

2. Other Methods of Procurement of Consultants’ Services. The following methods, other than Quality and Cost-based Selection, may be used for procurement of consultants’ services for those contracts which are specified in the Procurement Plan: (a) Quality-based Selection; (b) Selection under a Fixed Budget; (c) Least Cost Selection; (d) Selection based on Consultants’ Qualifications; (e) Single-source Selection of consulting firms; (f) Procedures set forth in paragraphs 5.2 and 5.3 of the Consultant Guidelines for the Selection of Individual Consultants; and (g) Single-source procedures for the Selection of Individual Consultants.

D. Review by the Association of Procurement Decisions

The Procurement Plan shall set forth those contracts which shall be subject to the Association’s Prior Review. All other contracts shall be subject to Post Review by the Association.
Section IV. **Withdrawal of the Proceeds of the Financing**

A. **General**

1. The Recipient may withdraw the proceeds of the Financing in accordance with the provisions of Article II of the General Conditions, this Section, and such additional instructions as the Association shall specify by notice to the Recipient (including the “World Bank Disbursement Guidelines for Projects” dated May 2006, as revised from time to time by the Association and as made applicable to this Agreement pursuant to such instructions), to finance Eligible Expenditures as set forth in the table in paragraph 2 below.

2. The following table specifies the categories of Eligible Expenditures that may be financed out of the proceeds of the Financing (“Category”), the allocations of the amounts of the Credit to each Category, and the percentage of expenditures to be financed for Eligible Expenditures in each Category:

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount of the Credit Allocated (expressed in SDR)</th>
<th>Percentage of Expenditures to be Financed (inclusive of Taxes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Goods, works, non-consulting services, and consultants’ services for activities within the territory of the Recipient for Parts A.1 and A.2(iii) of the Project</td>
<td>78,300,000</td>
<td>100%</td>
</tr>
<tr>
<td>TOTAL AMOUNT</td>
<td>78,300,000</td>
<td></td>
</tr>
</tbody>
</table>

**Withdrawal Conditions; Withdrawal Period**

1. Notwithstanding the provisions of Part A of this Section, no withdrawal shall be made for payments made prior to the date of this Agreement.

2. The Closing Date is June 30, 2020.
SCHEDULE 3

Repayment Schedule

<table>
<thead>
<tr>
<th>Date Payment Due</th>
<th>Principal Amount of the Credit repayable (expressed as a percentage)*</th>
</tr>
</thead>
<tbody>
<tr>
<td>On each April 1 and October 1:</td>
<td></td>
</tr>
<tr>
<td>Commencing April 1, 2019 to and including October 1, 2028</td>
<td>1.65%</td>
</tr>
<tr>
<td>commencing April 1, 2029 to and including October 1, 2038</td>
<td>3.35%</td>
</tr>
</tbody>
</table>

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

Section I. Definitions

1. "Account Bank" means the bank or financial institution appointed by the parties to carry out the functions of the account bank as provided for in this Agreement.

2. "Account Bank Agreement" means the agreement between the Account Bank and the parties to the PPAs (as hereinafter defined).

3. "Additional Financing" means any additional financing by any institution other than the Association for the Project.


5. "Barki Tajik" means the national transmission company of Tajikistan, a joint stock company and the project implementing entity for the Project on behalf of Tajikistan, or any of its successors.

6. "Category" means a category set forth in the table in Section IV of Schedule 2 to this Agreement.

7. "CASA-IG Agreements" means the following agreements or memoranda of understanding signed by the Participating Countries (as hereinafter defined):

   (a) Memorandum of Understanding for the Development of Central Asia-South Asia Regional Electricity Market dated November 16, 2007;

   (b) Agreement among Islamic Republic of Afghanistan, Kyrgyz Republic, Islamic Republic of Pakistan, and Republic of Tajikistan for the Development of the CASA 1000 Power Transmission Project and the Further Development of a Central Asia-South Asia Regional Electricity Market dated August 4, 2008; and

   (c) Memorandum of Understanding for the Development of the CASA 1000 Power Transmission Project and the Further Development of Central Asia-South Asia Regional Electricity Market dated September 20, 2011.

8. "Co-financing" means, for purposes of paragraph 11 of the Appendix to the General Conditions, the amount to be provided by the Co-financiers to assist in financing Parts A and B of the Project.
9. "Co-financier" means the Islamic Development Bank and/or any other institution providing financial assistance to any of the Participating Countries to finance part of the cost of Parts A and B of the Project.

10. "Co-financing Agreement" means any of the agreements to be entered into between the Recipient and any of the Co-financiers.

11. "Community Support Program" means a series of sub-projects in the Participating Countries for Part C of the Project to be implemented in accordance with the Operational Manual for the Community Support Program.


13. "Coordination Agreement" means the agreement between the entities designated by the governments of Kyrgyzstan and Tajikistan, to provide for all technical and commercial aspects of the wheeling of power for the Project and for operational coordination with the operator of the DC facilities.

14. "Core Commercial Agreements" means the following:

(a) a PPA between EPP and NTDC/CPPA;
(b) a PPA between EPP and DABS;
(c) a PPA between Barki Tajik and NTDC/CPPA;
(d) a PPA between Barki Tajik and DABS;
(e) a PPA between DABS and NTDC/CPPA;
(f) the Master Agreement between the parties to the PPAs and NEGK;
(g) the Account Bank Agreement between the Account Bank and the parties to the PPAs.
(h) the Technical Code;
(i) the Coordination Agreement between entities designated by the governments of Kyrgyzstan and Tajikistan; and
(j) the Host Government Agreements between each of the Participating Countries and its project implementing entity.
15. "CPPA" means the Recipient's Central Power Purchasing Agency (Guarantee) Limited, established and operating under the laws of the Recipient.

16. "Core Construction Agreements" means the contracts between the respective contracting companies and the respective Project Implementing Entities for: (a) the HVDC converter stations under Part A.2 of the Project; (b) the HVDC transmission line under Part A.1 of the Project; (c) the HVAC transmission line under Part A.3 of the Project; and (d) the operations and maintenance operator.

17. "Core Financing Agreements" means the four separate Financing Agreements between the Association and the Islamic Republic of Afghanistan, the Kyrgyz Republic, the Islamic Republic of Pakistan, and the Republic of Tajikistan respectively.

18. "Da Afghanistan Breshna Sherkat of Afghanistan" or "DABS" means the national transmission company of Afghanistan established under Afghanistan's Corporations and Limited Liabilities Law, and incorporated on 4th May 2008, and the project implementing entity for the Project on behalf of Afghanistan, or any of its successors.

19. "Displaced Persons" means persons who, on account of the execution of the Project, have experienced or would experience direct economic and social impacts caused by: (a) the involuntary taking of land, resulting in: (i) relocation or loss of shelter; (ii) loss of assets or access to assets; or (iii) loss of income sources or means of livelihood, whether or not such persons must move to another location; or (b) the involuntary restriction of access to legally designated parks and protected areas, resulting in adverse impacts on the livelihood of such persons; and a "Displaced Person" means any of such Displaced Persons.

20. "Electric Power Plants Open Joint Stock Company" or "EPP" means the electric generation company of Kyrgyzstan, or any of its successors.

21. "Environmental and Social Impact Assessment" or "ESIA" means the country-specific report to be prepared by the Project Implementing Entity, in form and substance satisfactory to the Association, containing (a) the policy, legal and administrative framework within which the ESIA is carried out; (b) the Project description; (c) baseline data; and (d) an assessment of the potential environmental and social impacts of the activities to be undertaken under the Project, including an evaluation of the alternatives therefor, and designing appropriate mitigation, management, and monitoring measures.

22. "Environmental Management Plan" or "EMP" means an environmental management plan or plans to be prepared by the Project Implementing Entity that set out the environmental protection measures, including measures for the protection of physical cultural resources, in respect of the Project, as well as
administrative and monitoring arrangements to ensure the implementation of said plan(s), as said plan(s) may be revised from time to time with the prior written agreement of the Association, and such term includes all schedules and agreements supplemental thereto.

23. "Fiscal Year" means the Recipient’s fiscal year starting July 1 and ending June 30 of the following year.

24. "General Conditions" means the “International Development Association General Conditions for Credits and Grants”, dated July 31, 2010, with the modifications set forth in Section II of this Appendix.

25. "Host Government Agreements” or “HGAs” means the agreements between each of the Participating Countries and their designated entities, which, reflecting the obligations of the Participating Countries to each other under the IGA, include inter alia provisions:

(a) for maintenance of land rights and rights of way;
(b) for non-interuption of activities relating to the Project;
(c) for non-discrimination in relation to all goods, works, technology, and services associated with any activities relating to the Project;
(d) on information to lenders, international financial institutions, and insurers and
(e) for carrying out of the Project in accordance with applicable technical safety, and environmental standards.

26. "IGC Resolution” means any resolution agreed to by the Inter-Governmental Council.

27. "Implementation Reports” means reports prepared by the Project Implementing Entity pursuant to Section II.A.2 of Schedule 2 to this Agreement, which shall include specific actions, milestones and dates with respect to procurement of goods, works and services under the Project, implementation of Core Construction Agreements and prepared in a format agreed upon with the Association.

28. "Inter-Governmental Agreement” or “IGA” means the agreement among the Islamic Republic of Afghanistan, the Kyrgyz Republic, the Islamic Republic of Pakistan, and the Republic of Tajikistan for the Development of the CASA 100 Power Transmission Project and the Further Development of a Central Asia-South Asia Regional Electricity Market dated August 4, 2008.

29. "Inter-Governmental Council” or “IGC” means the Inter-Governmental Council established pursuant to the Inter-Governmental Agreement and including representatives of the Participating Countries (as hereinafter defined).
30. "Master Agreement" means the agreement to be entered into between the parties to the PPAs (as hereinafter defined) and NTDC/CPPA to provide for, inter alia:

(a) the standard terms and conditions to apply to all the PPAs;
(b) provisions relating to the operation and maintenance of the AC facilities that are part of the project by each of the NTCs;
(c) the allocation of transmission capacity on the DC facilities for each supply period;
(d) any capacity that the parties do not use may be allocated to other parties subject to open access rules, with the resulting revenues from fees to be shared between the parties;
(e) safeguards to mitigate against any adverse impact of change of law and change of tax; and
(f) a set of principles on which certain costs and risks will be allocated between the parties.

31. "National Electric Grid of Kyrgyzstan Open Joint Stock Company" or "NEGK" means the national transmission company of Kyrgyzstan, an open joint stock company established pursuant to the law of Kyrgyzstan, and the project implementing entity for the Project on behalf of Kyrgyzstan.

32. "National Transmission Companies" or "NTCs" means the national transmission companies of the Participating Countries.

33. "NEPRA" means the Recipient's National Electric Power Regulatory Authority, an independent regulatory agency established and existing under the NEPRA Act for purposes of regulating the Recipient's electric power sector; and/or any successor thereto.


35. "Operational Manual for the Community Support Program" means the operational manual, satisfactory to the Association, detailing the eligible activities to be financed by the Community Support Program and how such activities will be selected and implemented.

36. "Participating Countries" means the Islamic Republic of Afghanistan, the Kyrgyz Republic, the Islamic Republic of Pakistan, and the Republic of Tajikistan, all participating in the CASA-1000 Project.

37. "Power Purchase Agreements" or "PPAs" means collectively the following:

(a) a PPA to be entered into between EPP and NTDC/CPPA;
(b) a PPA to be entered into between EPP and DABS;
(c) a PPA to be entered into between Barki Tajik and NTDC/CPPA;
(d) a PPA to be entered into between Barki Tajik and DABS; and
(e) a PPA to be entered into between DABS and NTDC/CPPA.

and Non-consulting Services under IBRD Loans and IDA Credits and Grants by
World Bank Borrowers” dated January 2011.

39. “Procurement Plan” means the Recipient’s procurement plan for the Project, dated
February 19, 2014 and referred to in paragraph 1.18 of the Procurement
Guidelines and paragraph 1.25 of the Consultant Guidelines, as the same shall be
updated from time to time in accordance with the provisions of said paragraphs.

40. “Project Agreement” means the agreement between the Association and the
Project Implementing Entity of even date herewith, as the same may be amended
from time to time; and such term includes all schedules and agreements
supplemental to the Project Agreement.

41. “Project Implementing Entities” means the implementing entities designated by
the Participating Countries, namely:

(a) Da Afghanistan Breshna Sherkat of Afghanistan;
(b) National Electric Grid of Kyrgyzstan Joint Stock Company;
(c) National Transmission and Despatch Company Ltd. of Pakistan; and
(d) Barki Tajik of Tajikistan.

42. “Project Implementing Entity” or “NTDC” means the National Transmission and
Despatch Company Ltd., an electricity transmission and dispatch utility
established and operating under Section 32 of the Companies Ordinance (1984) of
the Islamic Republic of Pakistan and NEPRA’s license No. TL/01/2002, and
registered with the Joint Registrar of Companies under certificate of incorporation
No. L-09689, dated November 6, 1998, or any of its successors.

43. “Project Implementing Entity’s Legislation” means NTDC’s Memorandum and
Articles of Association, dated November 6, 1998, as amended from time to time.

44. “Regional Environmental Assessment” or “REA” means the report prepared on
behalf of the Participating Countries and disclosed by the Recipient on November
11, 2013, encapsulating previous studies on the potential environmental and social
impacts of the activities to be undertaken under the Project, including any
potential cumulative impacts, and providing guidance for the preparation of
country-specific Environmental and Social Impact Assessments.

45. “Resettlement Policy Framework” or the acronym “RPF” means the Resettlement
Policy Framework dated January 3, 2014, prepared and adopted by the Project
Implementing Entity, in form and substance acceptable to the Association; said
framework setting out the policies and procedures for the acquisition of land and
other assets, compensation, resettlement and rehabilitation of Displaced Persons,
and for the preparation of Resettlement Action Plans as may be required for
Project activities, as said framework may be revised from time to time with the
prior written concurrence of the Association; and such term includes all schedules
and agreements supplemental to said framework.

46. Resettlement Action Plan” or “RAP” means the resettlement action plan to be
prepared by the Project Implementing Entity, in form and substance acceptable to
the Association and in accordance with the RPF, setting forth the measures
necessary to ensure that the Displaced Persons under the Project are: (i) informed
about their options and rights pertaining to resettlement; (ii) consulted on, offered
choices among, and provided with technically and economically feasible
resettlement alternatives; (iii) provided: (A) prompt and effective compensation at
full replacement cost for losses of assets attributable directly to the Project; (B)
assistance (such as moving allowances) during relocation; and (C) with residential
housing, or housing sites, or, as required, agricultural sites for which a
combination of productive potential, locational advantages, and other factors is at
least equivalent to the advantages of the old site; (iv) offered support after
displacement, for a transition period, based on a reasonable estimate of the time
likely to be needed to restore their livelihood and standards of living; and (v)
provided with development assistance in addition to the aforementioned
compensation measures, such as land preparation, credit facilities, training, or job
opportunities.

47. Safeguards Instruments” means the REA, the EMP, the ESIA, the RPF and the
RAP.

48. “Subsidiary Agreement” means the agreement referred to in Section I.C of
Schedule 2 to this Agreement pursuant to which the Recipient shall make the
proceeds of the Financing available to the Project Implementing Entity.

49. “Technical Code” means the technical code providing for the operating
procedures and principles governing the relationship between the DC Operator,
each National Transmission Company and all other users of the CASA 1000
transmission system, as such code as may be amended from time to time in
accordance with its terms.
Section II. Modifications to the General Conditions

The modifications to the General Conditions are as follows:

1. Section 3.02 is modified to read as follows:

   "Section 3.02. Service Charge and Interest Charge
   (a) Service Charge. The Recipient shall pay the Association a service charge on the Withdrawn Credit Balance at the rate specified in the Financing Agreement. The Service Charge shall accrue from the respective dates on which amounts of the Credit are withdrawn and shall be payable semi-annually in arrears on each Payment Date. Service Charges shall be computed on the basis of a 360-day year of twelve 30-day months.
   (b) Interest Charge. The Recipient shall pay the Association interest on the Withdrawn Credit Balance at the rate specified in the Financing Agreement. Interest shall accrue from the respective dates on which amounts of the Credit are withdrawn and shall be payable semi-annually in arrears on each Payment Date. Interest shall be computed on the basis of a 360-day year of twelve 30-day months."

3. Paragraph 28 of the Appendix ("Financing Payment") is modified by inserting the words "the Interest Charge" between the words "the Service Charge" and "the Commitment Charge".

4. The Appendix is modified by inserting a new paragraph 32 with the following definition of "Interest Charge", and renumbering the remaining paragraphs accordingly:

   "32. "Interest Charge" means the interest charge specified in the Financing Agreement for the purpose of Section 3.02(b)."

5. Renumbered paragraph 37 (originally paragraph 36) of the Appendix ("Payment Date") is modified by inserting the words "Interest Charges" between the words "Service Charges" and "Commitment Charges".

6. Renumbered paragraph 50 (originally paragraph 49) of the Appendix ("Service Charge") is modified by replacing the reference to Section 3.02 with Section 3.02 (a).