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LOAN NUMBER 3092-PAK (SF)

LOAN AGREEMENT  
(Special Operations)

(Jamshoro Power Generation Project)

between

ISLAMIC REPUBLIC OF PAKISTAN

and

ASIAN DEVELOPMENT BANK

DATED 12 Feb, 2014

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PAK 47094

**LOAN AGREEMENT  
(Special Operations)**

LOAN AGREEMENT dated 12 Feb, 2014 between the ISLAMIC REPUBLIC OF PAKISTAN ("Borrower") and ASIAN DEVELOPMENT BANK ("ADB").

WHEREAS

(A) the Borrower has applied to ADB for (i) two loans from ADB's ordinary capital resources; and (ii) a loan from ADB's Special Funds resources, for the purposes of the Project described in Schedule 1 to the Ordinary Operations Loan Agreement (described in paragraph C of this Recital);

(B) the Borrower has also applied to the Islamic Development Bank ("IDB") for a loan of one hundred fifty million Dollars (\$150,000,000) ("IDB Loan") to finance a part of the Project upon terms and conditions set forth in a loan agreement between the Borrower and IDB ("IDB Loan Agreement");

(C) by an agreement between the Borrower and ADB ("Ordinary Operations Loan Agreement"), ADB has agreed to lend to the Borrower from ADB's ordinary capital resources an amount of eight hundred forty million Dollars (\$840,000,000) ("OCR Loan 1") and an amount of thirty million Dollars (\$30,000,000) ("OCR Loan 2" and, together with OCR Loan 1, "Ordinary Operations Loans") for the purposes of the Project;

(D) the Project will be carried out by GENCO Holding Company Limited ("GHCL") and Jamshoro Power Company Limited ("JPCL") and, for this purpose, the Borrower will make available to JPCL the proceeds of the Ordinary Operations Loans and the proceeds of the loan provided for herein upon terms and conditions satisfactory to ADB; and

(E) ADB has agreed to make a loan to the Borrower from ADB's Special Funds resources upon the terms and conditions set forth herein and in the Project Agreement between ADB, GHCL and JPCL;

NOW THEREFORE the parties agree as follows:

**ARTICLE I**

**Loan Regulations; Definitions**

Section 1.01. All the provisions of the Special Operations Loan Regulations of ADB, dated 1 January 2006 ("Loan Regulations"), are hereby made applicable to this Loan Agreement with the same force and effect as if they were fully set forth herein.

Section 1.02. Wherever used in this Loan Agreement, the several terms defined in the Loan Regulations and in the Ordinary Operations Loan Agreement have

the respective meanings therein set forth unless modified herein or the context otherwise requires.

## **ARTICLE II**

### **The Loan**

Section 2.01. ADB agrees to lend to the Borrower from ADB's Special Funds resources an amount in various currencies equivalent to nineteen million three hundred eighty thousand Special Drawing Rights (SDR19,380,000).

Section 2.02. (a) The Borrower shall pay to ADB an interest charge at the rate of 2% per annum during the grace period and thereafter, on the amount of the Loan withdrawn from the Loan Account and outstanding from time to time.

(b) The term "grace period" as used in subsection (a) hereinabove means the period prior to the first Principal Payment Date in accordance with the amortization schedule set forth in Schedule 1 to this Loan Agreement.

Section 2.03. The interest charge and any other charge on the Loan shall be payable semiannually on 15 March and 15 September in each year.

Section 2.04. The Borrower shall repay the principal amount of the Loan withdrawn from the Loan Account in accordance with the amortization schedule set forth in Schedule 1 to this Loan Agreement.

Section 2.05. The currency of repayment of the principal amount of the Loan and the currency of payment of the interest charge for the purposes of Sections 4.03(a) and 4.04 of the Loan Regulations shall be the Dollar.

## **ARTICLE III**

### **Use of Proceeds of the Loan**

Section 3.01. (a) The Borrower shall relend the proceeds of the Loan, in Rs equivalent, to JPCL under the Subsidiary Loan Agreement upon terms and conditions satisfactory to ADB. Except as ADB shall otherwise agree, the terms for relending the proceeds of the Loan shall include interest at the rate of 15% per annum (inclusive of foreign exchange risk) and a repayment period of 20 years and a grace period of 5 years.

(b) The Borrower shall cause the proceeds of the Loan to be applied to the financing of expenditures on the Project in accordance with the provisions of this Loan Agreement and the Project Agreement.

Section 3.02. The proceeds of the Loan shall be allocated and withdrawn in accordance with the provisions of Schedule 2 to this Loan Agreement, as such Schedule may be amended from time to time by agreement between the Borrower and ADB.

Section 3.03. Except as ADB may otherwise agree, the Borrower shall procure, or cause to be procured, the items of expenditure to be financed out of the proceeds of the Loan in accordance with the provisions of Schedule 3 to this Loan Agreement.

Section 3.04. Except as ADB may otherwise agree, the Borrower shall cause all items of expenditure financed out of the proceeds of the Loan to be used exclusively in the carrying out of the Project.

Section 3.05. Withdrawals from the Loan Account in respect of Consulting Services shall be made only on account of expenditures relating to:

- (a) Consulting Services which are supplied from such member countries of ADB as shall have been specified by ADB from time to time as eligible sources for procurement; and
- (b) Consulting Services which meet such other eligibility requirements as shall have been specified by ADB from time to time.

Section 3.06. The Loan Closing Date for the purposes of Section 8.02 of the Loan Regulations shall be 31 March 2019 or such other date as may from time to time be agreed between the Borrower and ADB.

## **ARTICLE IV**

### **Particular Covenants**

Section 4.01. In the carrying out of the Project and operation of the Project facilities, the Borrower shall perform, or cause to be performed, all obligations set forth in Schedule 5 to the Ordinary Operations Loan Agreement and the Project Agreement. Any reference to "Loans" in Schedule 5 to the Ordinary Operations Loan Agreement and the Schedule to the Project Agreement shall be read as a reference to the Loan for the purposes of this Section 4.01 of the Loan Agreement.

Section 4.02. The Borrower shall enable ADB's representatives to inspect the Project and any relevant records and documents.

Section 4.03. ADB shall disclose the annual audited financial statements for the Project and the opinion of the auditors on the financial statements within 30 days of the date of their receipt by posting them on ADB's website.

Section 4.04. The Borrower shall take all actions which shall be necessary on its part to enable GHCL and JPCL to perform their obligations under the

Project Agreement, and shall not take or permit any action which would interfere with the performance of such obligations.

Section 4.05. (a) The Borrower shall exercise its rights under the Subsidiary Loan Agreement in such a manner as to protect the interests of the Borrower and ADB and to accomplish the purposes of the Loan.

(b) No rights or obligations under the Subsidiary Loan Agreement shall be assigned, amended, or waived without the prior concurrence of ADB.

## **ARTICLE V**

### **Suspension; Acceleration of Maturity**

Section 5.01. The following are specified as additional events for suspension of the right of the Borrower to make withdrawals from the Loan Account for the purposes of Section 8.01(m) of the Loan Regulations:

- (a) the Borrower or JPCL shall have failed to perform any of its obligations under the Subsidiary Loan Agreement;
- (b) the IDB Loan shall have become liable for suspension or cancellation or shall have become repayable prior to its agreed maturity date; and
- (c) GHCL's organizational structure, or JPCL's organizational structure, shall have been significantly altered in such a manner that in the reasonable opinion of ADB may adversely affect the carrying out of the Project or the operation of the Project facilities.

Section 5.02. The following is specified as an additional event for acceleration of maturity for the purposes of Section 8.07(d) of the Loan Regulations: any of the events specified in Section 5.01 of this Loan Agreement shall have occurred.

## **ARTICLE VI**

### **Effectiveness**

Section 6.01. The following is specified as an additional condition to the effectiveness of this Loan Agreement for the purposes of Section 9.01(f) of the Loan Regulations: the Ordinary Operations Loan Agreement has been duly authorized, executed and delivered on behalf of the Borrower and all conditions precedent to its effectiveness (other than a condition requiring the effectiveness of this Loan Agreement) have been fulfilled.

Section 6.02. The following is specified as an additional matter, for the purposes of Section 9.02(d) of the Loan Regulations, to be included in the opinion or opinions to be furnished to ADB: that the Ordinary Operations Loan Agreement has been duly authorized, executed and delivered on behalf of the Borrower, and is legally binding on the Borrower in accordance with its terms.

Section 6.03. A date 90 days after the date of this Loan Agreement is specified for the effectiveness of the Loan Agreement for the purposes of Section 9.04 of the Loan Regulations.

## **ARTICLE VII**

### **Delegation of Authority**

Section 7.01. The Borrower hereby designates JPCL as its agent for the purposes of taking any action or entering into any agreement required or permitted under Sections 3.02, 3.03 and 3.05 of this Loan Agreement and under Sections 5.01, 5.02, 5.03 and 5.04 of the Loan Regulations.

Section 7.02. Any action taken or any agreement entered into by JPCL pursuant to the authority conferred under Section 7.01 of this Loan Agreement shall be fully binding on the Borrower and shall have the same force and effect as if taken by the Borrower.

Section 7.03. The authority conferred on JPCL under Section 7.01 of this Loan Agreement may be revoked or modified by agreement between the Borrower and ADB.

## **ARTICLE VIII**

### **Miscellaneous**

Section 8.01. The Secretary, Economic Affairs Division, Ministry of Finance, Revenue, Economic Affairs, Statistics and Privatization of the Borrower is designated as representative of the Borrower for the purposes of Section 11.02 of the Loan Regulations.

Section 8.02. The following addresses are specified for the purposes of Section 11.01 of the Loan Regulations:

For the Borrower

The Secretary  
Economic Affairs Division  
Ministry of Finance, Revenue, Economic Affairs,  
Statistics and Privatization  
Islamabad, Pakistan

Facsimile Numbers:

(9251) 920-4086  
(9251) 920-2019.

For ADB

Asian Development Bank  
6 ADB Avenue  
Mandaluyong City  
1550 Metro Manila  
Philippines

Facsimile Numbers:

(632) 636-2444  
(632) 636-2428.

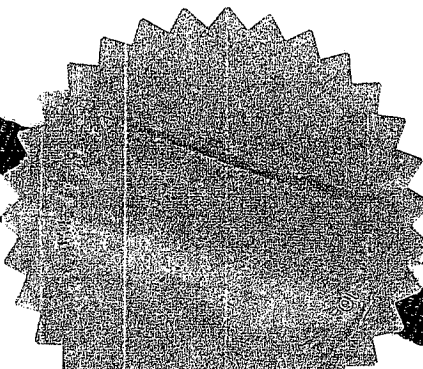
IN WITNESS WHEREOF the parties hereto, acting through their representatives thereunto duly authorized, have caused this Loan Agreement to be signed in their respective names as of the day and year first above written and to be delivered at the principal office of ADB.

ISLAMIC REPUBLIC OF PAKISTAN

By   
Authorized Representative

ASIAN DEVELOPMENT BANK

By   
Authorized Representative



**SCHEDULE 1**  
**Amortization Schedule**  
**(Jamshoro Power Generation Project)**

<u>Date Payment Due</u>	<u>Payment of Principal</u> (expressed in Special Drawing Rights)*
15-Mar-2019	484,500
15-Sep-2019	484,500
15-Mar-2020	484,500
15-Sep-2020	484,500
15-Mar-2021	484,500
15-Sep-2021	484,500
15-Mar-2022	484,500
15-Sep-2022	484,500
15-Mar-2023	484,500
15-Sep-2023	484,500
15-Mar-2024	484,500
15-Sep-2024	484,500
15-Mar-2025	484,500
15-Sep-2025	484,500
15-Mar-2026	484,500
15-Sep-2026	484,500
15-Mar-2027	484,500
15-Sep-2027	484,500
15-Mar-2028	484,500
15-Sep-2028	484,500
15-Mar-2029	484,500
15-Sep-2029	484,500
15-Mar-2030	484,500
15-Sep-2030	484,500
15-Mar-2031	484,500
15-Sep-2031	484,500
15-Mar-2032	484,500
15-Sep-2032	484,500
15-Mar-2033	484,500
15-Sep-2033	484,500
15-Mar-2034	484,500
15-Sep-2034	484,500
15-Mar-2035	484,500
15-Sep-2035	484,500
15-Mar-2036	484,500
15-Sep-2036	484,500
15-Mar-2037	484,500
15-Sep-2037	484,500



<u>Date Payment Due</u>	<u>Payment of Principal</u> (expressed in Special Drawing Rights)*
15-Mar-2038	484,500
15-Sep-2038	484,500
<b>TOTAL</b>	<b>19,380,000</b>

\* The arrangements for payment are subject to the provisions of Sections 3.04 and 4.03 of the Loan Regulations.

## SCHEDULE 2

### Allocation and Withdrawal of Loan Proceeds

#### General

1. The table attached to this Schedule sets forth the Categories of items of expenditure to be financed out of the proceeds of the Loan and the allocation of the Loan proceeds to each such Category ("Table"). (Reference to "Category" in this Schedule is to a Category or Subcategory of the Table.)

#### Basis for Withdrawal from the Loan Account

2. Except as ADB may otherwise agree, the proceeds of the Loan shall be disbursed on the basis of the withdrawal percentage for each item of expenditure set forth in the Table.

#### Interest Charge

3. The amount allocated to Category 2 is for financing the interest charge on the Loan during the implementation period of the Project.

#### Reallocation

4. Notwithstanding the allocation of Loan proceeds and the withdrawal percentages set forth in the Table,

(a) if the amount of the Loan allocated to any Category appears to be insufficient to finance all agreed expenditures in that Category, ADB may, by notice to the Borrower, (i) reallocate to such Category, to the extent required to meet the estimated shortfall, amounts of the Loan which have been allocated to another Category but, in the opinion of ADB, are not needed to meet other expenditures, and (ii) if such reallocation cannot fully meet the estimated shortfall, reduce the withdrawal percentage applicable to such expenditures in order that further withdrawals under such Category may continue until all expenditures thereunder shall have been made; and

(b) if the amount of the Loan allocated to any Category appears to exceed all agreed expenditures in that Category, ADB may, by notice to the Borrower, reallocate such excess amount to any other Category.

#### Disbursement Procedures

5. Except as ADB may otherwise agree, the Loan proceeds shall be disbursed in accordance with the Loan Disbursement Handbook.

#### Retroactive Financing

6. Withdrawals from the Loan Account may be made for reimbursement of eligible expenditures incurred under the Project before the Effective Date but not earlier than 12 months before the date of this Loan Agreement in connection with the contracts for

capacity development consulting services and Project implementation consulting services, subject to a maximum amount equivalent to 20% of the Loan amount.

TABLE

<b>ALLOCATION AND WITHDRAWAL OF LOAN PROCEEDS (Jamshoro Power Generation Project)</b>				
<b>Number</b>	<b>Item</b>	<b>Total Amount Allocated for ADB Financing (SDR)</b>		<b>Basis for Withdrawal from the Loan Account</b>
		<b>Category</b>	<b>Subcategory</b>	
1	Consulting Services	15,698,000		
1A	Capacity Development		6,460,000	100% of total expenditure claimed*
1B	Project Implementation Consultant (Construction Phase)**		9,238,000	100% of total expenditure claimed*
2	Interest during Construction	969,000		100% of amounts due
3	Unallocated	2,713,000		
	<b>Total</b>	<b>19,380,000</b>		

\* Exclusive of taxes and duties imposed within the territory of the Borrower.

\*\* Expenditures for the Project Implementation Consultant (Operational Phase) will be financed under OCR Loan 2.

### **SCHEDULE 3**

#### **Procurement of Consulting Services**

##### General

1. The procurement of Consulting Services shall be subject to and governed by the Consulting Guidelines.
2. All terms used in this Schedule and not otherwise defined in this Loan Agreement have the meanings provided in the Consulting Guidelines.

##### Consulting Services

3. Except as ADB may otherwise agree, the Borrower shall apply quality- and cost-based selection for selecting and engaging the Consulting Services.

##### Industrial or Intellectual Property Rights

4. The Borrower shall ensure that all ADB-financed contracts with consultants contain appropriate representations, warranties and, if appropriate, indemnities from the consultants to ensure that the Consulting Services provided do not violate or infringe any industrial property or intellectual property right or claim of any third party.

##### ADB's Review of Procurement Decisions

5. Contracts for Consulting Services shall be subject to prior review by ADB, unless otherwise agreed between the Borrower and ADB and set forth in the Procurement Plan.