
LOAN NUMBER 3067-UZB

LOAN AGREEMENT
(Ordinary Operations)
(Solid Waste Management Improvement Project)

between

REPUBLIC OF UZBEKISTAN

and

ASIAN DEVELOPMENT BANK

DATED 27 FEBRUARY 2014

UZB 45366

**LOAN AGREEMENT
(Ordinary Operations)**

LOAN AGREEMENT dated 27 February 2014 between REPUBLIC OF UZBEKISTAN (“Borrower”) and ASIAN DEVELOPMENT BANK (“ADB”).

WHEREAS

(A) the Borrower has applied to ADB for a loan for the purposes of the Project described in Schedule 1 to this Loan Agreement;

(B) the Project will be carried out by the State Committee for Nature Protection and the Tashkent Municipality as Project Executing Agencies and State Unitary Enterprise “Maxsustrans” as Implementing Agency, and for this purpose the Borrower will make available to State Unitary Enterprise “Maxsustrans” the proceeds of the loan provided for herein upon terms and conditions satisfactory to ADB; and

(C) ADB has agreed to make a loan to the Borrower from ADB's ordinary capital resources upon the terms and conditions set forth herein and in the Project Agreement dated on or about the date hereof between ADB, State Unitary Enterprise “Maxsustrans” and Tashkent Municipality;

NOW THEREFORE the parties hereto agree as follows:

ARTICLE I

Loan Regulations; Definitions

Section 1.01. All the provisions of the Ordinary Operations Loan Regulations Applicable to LIBOR-Based Loans Made from ADB's Ordinary Capital Resources, dated 1 July 2001 (“Loan Regulations”), are hereby made applicable to this Loan Agreement with the same force and effect as if they were fully set forth herein, subject, however, to the following modifications:

(a) Section 2.01(50) is deleted and the following is substituted therefor:

“Project Agreement” means the Project Agreement dated on or about the date hereof between ADB, State Unitary Enterprise “Maxsustrans” and Tashkent Municipality.

(b) In Section 7.04 (a)(iii), “and the Project Executing Agency” shall be deleted and replaced by “, the Project Executing Agency and State Unitary Enterprise “Maxsustrans”.”

(c) In Section 7.04 (b), “the Project Executing Agency of its” shall be deleted and replaced with “State Unitary Enterprise “Maxsustrans” or Tashkent Municipality of their”.

- (d) In Section 7.05, “, State Unitary Enterprise “Maxsustrans”” shall be added after “the Project Executing Agency”.
- (e) In Section 9.01 (d), “The Project Executing Agency” shall be replaced by “State Unitary Enterprise “Maxsustrans” or Tashkent Municipality”.
- (f) In Section 9.01 (f), “, State Unitary Enterprise “Maxsustrans”” shall be added before “or the Project Executing Agency”.
- (g) In Section 9.01 (k), “or State Unitary Enterprise “Maxsustrans”” shall be added after “Project Executing Agency”.
- (h) In Section 10.01 (c), “the Project Executing Agency” shall be replaced by “State Unitary Enterprise “Maxsustrans” and Tashkent Municipality”.
- (i) In Section 10.02 (c), all references to “the Project Executing Agency” shall be replaced by “State Unitary Enterprise “Maxsustrans” and Tashkent Municipality”.
- (j) Section 3.03 is deleted and the following is substituted therefor:

Commitment Charge; Credit; Maturity Premium.

(a) The Borrower shall pay a commitment charge on the unwithdrawn amount of the Loan at the rate and on the terms specified in the Loan Agreement.

(b) ADB shall provide to the Borrower a credit at the rate specified in the Loan Agreement, which credit shall remain fixed for the term of the Loan. ADB shall apply the credit against the interest payable by the Borrower.

(c) The Borrower shall pay a maturity premium at the rate specified in the Loan Agreement, which maturity premium shall remain fixed for the term of the Loan. ADB shall add the maturity premium to the interest payable by the Borrower.

- (k) Section 3.06 is deleted and the following is substituted therefor:

Rebate. (a) Following any announcement by ADB that the Fixed Spread applicable to new Loans shall be reduced, ADB shall provide a Rebate to any Borrower with an outstanding Loan on which a higher Fixed Spread is applicable. The amount of the Rebate shall be determined by multiplying (i) the difference between the Fixed Spread applicable to the outstanding Loan and the Fixed Spread that will be applied to new Loans (expressed as a percentage per annum), by (ii) the principal amount of the outstanding Loan on which the Borrower shall pay interest for all interest periods commencing on and after the effective date of the lower Fixed Spread that will be applied to new Loans.

(b) Following any announcement by ADB that its Funding Cost Margin calculations with respect to any Loan Currency (or Approved Currency) in any Semester resulted in ADB achieving savings, ADB shall provide a Rebate to the Borrower. The amount of the Rebate shall be determined by multiplying (i) the Funding Cost Margin (expressed as a percentage per annum) by (ii) the principal amount of the Loan on which the Borrower shall pay interest for the Interest Period commencing immediately after the Semester for which the Funding Cost Margin was calculated. ADB shall apply the amount of the Rebate against the interest payable by the Borrower for the Interest Period commencing immediately after the Semester for which the Funding Cost Margin was calculated.

(l) Section 3.07 is deleted and the following is substituted therefor:

Surcharge. (a) Following any announcement by ADB that the Fixed Spread applicable to new Loans shall be increased, any Borrower with an outstanding Loan on which a lower Fixed Spread is applicable shall pay ADB a Surcharge. The amount of the Surcharge shall be determined by multiplying (i) the difference between the Fixed Spread that will be applied to new Loans and the Fixed Spread applicable to the outstanding Loan (expressed as a percentage per annum), by (ii) the principal amount of the outstanding Loan on which the Borrower shall pay interest for all interest periods commencing on and after the effective date of the higher Fixed Spread that will be applied to new Loans.

(b) Following any announcement by ADB that its Funding Cost Margin calculations with respect to any Loan Currency (or Approved Currency) in any Semester resulted in ADB incurring additional costs, the Borrower shall pay ADB a Surcharge. The amount of the Surcharge shall be determined by multiplying (i) the Funding Cost Margin (expressed as a percentage per annum) by (ii) the principal amount of the Loan on which the Borrower shall pay interest for the Interest Period commencing immediately after the Semester for which the Funding Cost Margin was calculated. ADB shall add the amount of the Surcharge to the interest payable by the Borrower for the Interest Period commencing immediately after the Semester for which the Funding Cost Margin was calculated.

Section 1.02. Wherever used in this Loan Agreement, the several terms defined in the Loan Regulations have the respective meanings therein set forth unless modified herein or the context otherwise requires. Additional terms used in this Loan Agreement have the following meanings:

(a) “Consulting Guidelines” means the Guidelines on the Use of Consultants by Asian Development Bank and its Borrowers (2013, as amended from time to time);

(b) “Consulting Services” means the services to be financed out of the proceeds of the Loan as described in paragraph 2 of Schedule 1 to this Loan Agreement;

(c) “Environmental Management Plan” or “EMP” means the environmental management plan for Part B of the Project, including any update thereto, incorporated in the IEE;

(d) “Environmental Safeguards” means the principles and requirements set forth in Chapter V, Appendix 1, and Appendix 4 (as applicable) of the SPS;

(e) “Goods” means equipment and materials to be financed out of the proceeds of the Loan, including related services such as transportation, insurance, installation, commissioning, training, and initial maintenance, but excluding Consulting Services;

(f) “Initial Environmental Examination” or “IEE” means the initial environmental examination for Part B of the Project, including any update thereto, prepared and submitted by the Borrower and cleared by ADB;

(g) “Involuntary Resettlement Safeguards” means the principles and requirements set forth in Chapter V, Appendix 2, and Appendix 4 (as applicable) of the SPS;

(h) “Loan Disbursement Handbook” means ADB’s Loan Disbursement Handbook (2012, as amended from time to time);

(i) “Maxsustrans” means State Unitary Enterprise “Maxsustrans”;

(j) “PAM” means the project administration manual for the Project dated 28 August 2013 and agreed between the Borrower and ADB, as updated from time to time in accordance with the respective administrative procedures of the Borrower and ADB;

(k) “Part A” means Part A of the Project as described in subparagraph (a) of paragraph 2 of Schedule 1 to this Loan Agreement;

(l) “Part B” means Part B of the Project as described in subparagraphs (b) to (h) of paragraph 2 of Schedule 1 to this Loan Agreement;

(m) “Procurement Guidelines” means ADB’s Procurement Guidelines (2013, as amended from time to time);

(n) “Procurement Plan” means the procurement plan for the Project dated 28 August 2013 and agreed between the Borrower and ADB, as updated from time to time in accordance with the Procurement Guidelines, the Consulting Guidelines, and other arrangements agreed with ADB;

(o) “Project Executing Agency” for the purposes of, and within the meaning of, the Loan Regulations means each of SCNP, which is responsible for carrying

out Part A of the Project and Tashkent Municipality which is responsible for carrying out Part B of the Project, in each case or any successor thereto acceptable to ADB;

(p) “Project Facilities” means all facilities and equipment constructed, rehabilitated or procured under Part B of the Project;

(q) “Resettlement Plan” or “RP” means the land acquisition and resettlement plan for Part B of the Project, including any update thereto, prepared and submitted by the Borrower and cleared by ADB;

(r) “Safeguards Monitoring Report” means each report prepared and submitted by the Borrower to ADB that describes progress with implementation of and compliance with the EMP and the RP (as applicable), including any corrective and preventative actions;

(s) “Safeguard Policy Statement” or “SPS” means ADB's Safeguard Policy Statement (2009);

(t) “SCNP” means the State Committee for Nature Protection of the Borrower;

(u) “Subsidiary Loan Agreement” means the agreement between the Borrower and Maxsustrans, satisfactory to ADB, referred to in Section 3.01 of this Loan Agreement;

(v) “SUM” means sum, the currency of the Borrower; and

(w) “Works” means construction or civil works to be financed out of the proceeds of the Loan, including services such as drilling or mapping, and project related services that are provided as part of a single responsibility or turnkey contract, but excluding Consulting Services.

ARTICLE II

The Loan

Section 2.01. (a) ADB agrees to lend to the Borrower from ADB's ordinary capital resources an amount of sixty-nine million Dollars (\$69,000,000), as such amount may be converted from time to time through a Currency Conversion in accordance with the provisions of Section 2.06 of this Loan Agreement.

(b) The Loan has a principal repayment period of 20 years, and a grace period as defined in subsection (c) hereinafter.

(c) The term “grace period” as used in subsection (b) hereinabove means the period prior to the first Principal Payment Date in accordance with the amortization schedule set forth in Schedule 2 to this Loan Agreement.

Section 2.02. The Borrower shall pay to ADB interest on the principal amount of the Loan withdrawn and outstanding from time to time at a rate for each Interest Period equal to the sum of:

- (a) LIBOR; and
- (b) 0.60% as provided by Section 3.02 of the Loan Regulations less a credit of 0.20% as provided by Section 3.03 of the Loan Regulations; and
- (c) a maturity premium of 0.10 as provided by Section 3.03 of the Loan Regulations.

Section 2.03. The Borrower shall pay a commitment charge of 0.15% per annum. Such charge shall accrue on the full amount of the Loan (less amounts withdrawn from time to time), commencing 60 days after the date of this Loan Agreement.

Section 2.04. Interest and other charges on the Loan shall be payable semiannually on 15 March and 15 September in each year.

Section 2.05. The Borrower shall repay the principal amount of the Loan withdrawn from the Loan Account in accordance with the provisions of Schedule 2 to this Loan Agreement.

Section 2.06. (a) The Borrower may at any time request any of the following Conversions of the terms of the Loan in order to facilitate prudent debt management:

- (i) a change of the Loan Currency of all or any portion of the principal amount of the Loan, whether withdrawn and outstanding or unwithdrawn, to an Approved Currency;
- (ii) a change of the interest rate basis applicable to all or any portion of the principal amount of the Loan withdrawn and outstanding from a Floating Rate to a Fixed Rate, or vice versa; and
- (iii) the setting of limits on the Floating Rate applicable to all or any portion of the principal amount of the Loan withdrawn and outstanding by the establishment of an Interest Rate Cap or Interest Rate Collar on said Floating Rate.

(b) Any conversion requested pursuant to subsection (a) hereinabove that is accepted by ADB shall be considered a "Conversion", as defined in Section 2.01(6) of the Loan Regulations, and shall be effected in accordance with the provisions of Article V of the Loan Regulations and the Conversion Guidelines.

ARTICLE III

Use of Proceeds of the Loan

Section 3.01. (a) The Borrower shall relend the proceeds of the Loan in the amount of sixty-nine million Dollars (\$69,000,000) to Maxsustrans for the financing of the Project under a Subsidiary Loan Agreement upon terms and conditions satisfactory to ADB. Except as ADB may otherwise agree, the terms for relending the proceeds of the Loan shall include interest and other charges at the rates applicable to the Loan from time to time (with Maxsustrans bearing the foreign exchange risk) and a term of 25 years including 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 3 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 4 to this Loan Agreement. ADB may refuse to finance a contract where any such item has not been procured under procedures substantially in accordance with those agreed between the Borrower and ADB or where the terms and conditions of the contract are not satisfactory to ADB.

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. The Loan Closing Date for the purposes of Section 9.02 of the Loan Regulations shall be 30 June 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. (a) The Borrower shall cause the Project to be carried out with due diligence and efficiency and in conformity with sound applicable technical, financial, business, and development practices.

(b) 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 this Loan Agreement and the Project Agreement.

Section 4.02. The Borrower shall make available, or cause to be made available, promptly as needed, the funds, facilities, services, land and other resources, as required, in addition to the proceeds of the Loan, for the carrying out of the Project.

Section 4.03. (a) In the carrying out of the Project, the Borrower shall cause competent and qualified consultants and contractors, acceptable to ADB, to be employed to an extent and upon terms and conditions satisfactory to the Borrower and ADB.

(b) The Borrower shall cause the Project to be carried out in accordance with plans, design standards, specifications, work schedules and construction methods acceptable to the Borrower and ADB, as applicable. The Borrower shall furnish, or cause to be furnished, to ADB, promptly after their preparation, such plans, design standards, specifications and work schedules, and any material modifications subsequently made therein, in such detail as ADB shall reasonably request.

Section 4.04. The Borrower shall ensure that the activities of its departments and agencies with respect to the carrying out of the Project and operation of the Project facilities are conducted and coordinated in accordance with sound administrative policies and procedures.

Section 4.05. The Borrower shall enable ADB's representatives to inspect the Project, the Goods and Works, and any relevant records and documents.

Section 4.06. The Borrower shall take all actions which shall be necessary on its part to enable Maxsustrans and Tashkent Municipality to perform their respective obligations under the Project Agreement, and shall not take or permit any action which would interfere with the performance of such obligations.

Section 4.07. (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, abrogated or waived without the prior concurrence of ADB.

ARTICLE V

Suspension; Acceleration of Maturity

Section 5.01. The following is specified as an event for suspension of the right of the Borrower to make withdrawals from the Loan Account for the purposes of Section 9.01(l) of the Loan Regulations: the Borrower or Maxsustrans shall have failed to perform any of their respective obligations under the Subsidiary Loan Agreement.

Section 5.02. The following is specified as an additional event for acceleration of maturity for the purposes of Section 9.07(a)(iv) of the Loan Regulations: the event 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 10.01(f) of the Loan Regulations: the Subsidiary Loan Agreement, in form and substance satisfactory to ADB, shall have been duly executed and delivered on behalf of the Borrower and Maxsustrans and shall have become legally binding upon the Borrower and Maxsustrans in accordance with its terms.

Section 6.02. The following is specified as an additional matter, for the purposes of Section 10.02(d) of the Loan Regulations, to be included in the opinion or opinions to be furnished to ADB: that the Subsidiary Loan Agreement has been duly authorized or ratified by, and executed and delivered on behalf of, the Borrower and Maxsustrans and is legally binding upon the Borrower and Maxsustrans in accordance with its terms, subject only to the effectiveness of this Loan Agreement.

Section 6.03. A date 60 days after the date of this Loan Agreement is specified for the effectiveness of this Loan Agreement for the purposes of Section 10.04 of the Loan Regulations.

ARTICLE VII

Delegation of Authority

Section 7.01. The Borrower hereby designates Maxsustrans 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 6.01, 6.02, 6.03 and 6.04 of the Loan Regulations.

Section 7.02. Any action taken or any agreement entered into by Maxsustrans 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 Maxsustrans 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 Minister of Finance of the Borrower is designated as representative of the Borrower for the purposes of Section 12.02 of the Loan Regulations.

Section 8.02. The following addresses are specified for the purposes of Section 12.01 of the Loan Regulations:

For the Borrower

Minister of Finance
5 Mustaqillik Square
Tashkent 100008
Republic of Uzbekistan
Facsimile Numbers:

(998-71) 239-1128
(998-71) 239-1259.

For ADB

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

Facsimile Numbers:

(632) 636-2444
(632) 636-2407.

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.

REPUBLIC OF UZBEKISTAN

By  _____
RUSTAM AZIMOV
Minister of Finance

ASIAN DEVELOPMENT BANK

By  _____
KAZUHIKO HIGUCHI
Country Director
Uzbekistan Resident Mission

SCHEDULE 1

Description of the Project

1. The objective of the Project is improved solid waste management services and management in the City of Tashkent.

2. The Project shall comprise:

Part A – National Municipal Solid Waste Strategy

- (a) preparation of a draft national strategy for the management of solid waste, including a draft sector investment program;

Part B – Solid Waste Management in Tashkent Municipality

- (b) construction and rehabilitation of municipal solid waste collection facilities;
- (c) procurement of municipal solid waste collection bins;
- (d) procurement of municipal solid waste collection vehicles and municipal solid waste transfer vehicles;
- (e) rehabilitation of municipal solid waste transfer stations and possible closure of an existing municipal solid waste transfer station;
- (f) design and construction of a new sanitary landfill, solid waste facility and closure of an existing landfill solid waste dumpsite;
- (g) capacity development support for Maxsustrans, including in the areas of operation and management and Project implementation; and
- (h) development and implementation of a waste minimization and recycling program and a parallel media and public awareness campaign about waste minimization and recycling.

Consulting Services support will be provided for the activities described above.

3. The Project is expected to be completed by 31 December 2018.

SCHEDULE 2**Amortization Schedule****(Solid Waste Management Improvement Project)**

1. The following table sets forth the Principal Payment Dates of the Loan and the percentage of the total principal amount of the Loan payable on each Principal Payment Date (Installment Share). If the proceeds of the Loan shall have been fully withdrawn as of the first Principal Payment Date, the principal amount of the Loan repayable by the Borrower on each Principal Payment Date shall be determined by ADB by multiplying: (a) the total principal amount of the Loan withdrawn and outstanding as of the first Principal Payment Date; by (b) the Installment Share for each Principal Payment Date, such repayment amount to be adjusted, as necessary, to deduct any amounts referred to in paragraph 4 of this Schedule, to which a Currency Conversion applies.

<u>Date Payment Due</u>	<u>Installment Share</u> <u>(Expressed as a %)</u>
15 March 2019	2.500000
15 September 2019	2.500000
15 March 2020	2.500000
15 September 2020	2.500000
15 March 2021	2.500000
15 September 2021	2.500000
15 March 2022	2.500000
15 September 2022	2.500000
15 March 2023	2.500000
15 September 2023	2.500000
15 March 2024	2.500000
15 September 2024	2.500000
15 March 2025	2.500000
15 September 2025	2.500000
15 March 2026	2.500000
15 September 2026	2.500000
15 March 2027	2.500000
15 September 2027	2.500000
15 March 2028	2.500000
15 September 2028	2.500000
15 March 2029	2.500000
15 September 2029	2.500000
15 March 2030	2.500000
15 September 2030	2.500000
15 March 2031	2.500000
15 September 2031	2.500000
15 March 2032	2.500000
15 September 2032	2.500000

<u>Date Payment Due</u>	<u>Installment Share</u> <u>(Expressed as a %)</u>
15 March 2033	2.500000
15 September 2033	2.500000
15 March 2034	2.500000
15 September 2034	2.500000
15 March 2035	2.500000
15 September 2035	2.500000
15 March 2036	2.500000
15 September 2036	2.500000
15 March 2037	2.500000
15 September 2037	2.500000
15 March 2038	2.500000
15 September 2038	<u>2.500000</u>
Total	100.000000

2. If the proceeds of the Loan shall not have been fully withdrawn as of the first Principal Payment Date, the principal amount of the Loan repayable by the Borrower on each Principal Payment Date shall be determined as follows:

(a) To the extent that any proceeds of the Loan shall have been withdrawn as of the first Principal Payment Date, the Borrower shall repay the amount withdrawn and outstanding as of such date in accordance with paragraph 1 of this Schedule.

(b) Any withdrawal made after the first Principal Payment Date shall be repaid on each Principal Payment Date falling after the date of such withdrawal in amounts determined by ADB by multiplying the amount of each such withdrawal by a fraction, the numerator of which shall be the original Installment Share specified in the table in paragraph 1 of this Schedule for said Principal Payment Date (the Original Installment Share) and the denominator of which shall be the sum of all remaining Original Installment Shares for Principal Payment Dates falling on or after such date, such repayment amounts to be adjusted, as necessary, to deduct any amounts referred to in paragraph 4 of this Schedule, to which a Currency Conversion applies.

3. Withdrawals made within two calendar months prior to any Principal Payment Date shall, for the purposes solely of calculating the principal amounts payable on any Principal Payment Date, be treated as withdrawn and outstanding on the second Principal Payment Date following the date of withdrawal and shall be repayable on each Principal Payment Date commencing with the second Principal Payment Date following the date of withdrawal.

4. Notwithstanding the provisions of paragraphs 1 and 2 of this Schedule, upon a Currency Conversion of all or any portion of the withdrawn principal amount of the Loan to an Approved Currency, the amount so converted in said Approved Currency that shall be repayable on any Principal Payment Date occurring during the Conversion Period, shall be determined by ADB by multiplying such amount in its currency of denomination immediately prior to said Conversion by either: (i) the exchange rate that reflects the amounts of principal in said Approved Currency payable by ADB under the Currency Hedge Transaction relating

to said Conversion; or (ii) if ADB so determines in accordance with the Conversion Guidelines, the exchange rate component of the Screen Rate.

5. If the principal amount of the Loan withdrawn and outstanding from time to time shall be denominated in more than one Loan Currency, the provisions of this Schedule shall apply separately to the amount denominated in each Loan Currency, so as to produce a separate amortization schedule for each such amount.

SCHEDULE 3

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 and Commitment Charges

3. The amount allocated to Category 4 is for financing interest and commitment charges on the Loan during the implementation period of the Project. ADB shall be entitled to withdraw from the Loan Account and pay to itself, on behalf of the Borrower, the amounts required to meet payments, when due, of such interest and commitment charges.

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.

TABLE

ALLOCATION AND WITHDRAWAL OF LOAN PROCEEDS (Solid Waste Management Improvement Project)				
Number	Item	Total Amount Allocated for ADB Financing (\$)		Basis for Withdrawal from the Loan Account
		Category	Subcategory	
1	Civil Works	31,477,000		
1A	Landfill Construction		17,831,000	100% of total expenditure claimed*
1B	Dumpsite Closure		5,700,000	100% of total expenditure claimed*
1C	Transfer Station, Garages & Collection Points		5,400,000	100% of total expenditure claimed*
1D	Design & Supervision		2,546,000	100% of total expenditure claimed*
2	Plant & Equipment	23,455,500		
2A	Landfill Equipment & Machinery		1,858,500	100% of total expenditure claimed*
2B	Waste Collection & Transfer Trucks		13,642,000	100% of total expenditure claimed*
2C	Bins & Other Equipment		7,955,000	100% of total expenditure claimed*
3	Project Management, Capacity Development & Studies	4,407,200		
3A	Project Management Personnel & Support		2,236,700	100% of total expenditure claimed*
3B	Capacity Support Programs		2,170,500	100% of total expenditure claimed*
4	Interest and Commitment Charges	1,501,000		100% of amounts due
5	Unallocated	8,159,300		
	Total	69,000,000		

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

SCHEDULE 4

Procurement of Goods, Works and Consulting Services

General

1. The procurement of Goods, Works and Consulting Services shall be subject to and governed by the Procurement Guidelines, and the Consulting Guidelines, respectively. Without limiting the generality of the foregoing, the Borrower shall ensure that registration of contracts in respect of such procurement, to the extent required under the laws of Uzbekistan, are processed promptly without delay.

2. All terms used in this Schedule and not otherwise defined in this Loan Agreement have the meanings provided in the Procurement Guidelines and/or the Consulting Guidelines, as applicable.

Goods and Works

3. Except as ADB may otherwise agree, Goods and Works shall only be procured on the basis of the methods of procurement set forth below:

- (a) International Competitive Bidding;
- (b) National Competitive Bidding; and
- (c) Shopping.

4. The methods of procurement are subject to, among other things, the detailed arrangements and threshold values set forth in the Procurement Plan. The Borrower may only modify the methods of procurement or threshold values with the prior agreement of ADB, and modifications must be set out in updates to the Procurement Plan.

National Competitive Bidding

5. The Borrower and ADB shall ensure that, prior to the commencement of any procurement activity under national competitive bidding, the Borrower's national competitive bidding procedures are consistent with the Procurement Guidelines. Any modifications or clarifications to such procedures agreed between the Borrower and ADB shall be set out in the Procurement Plan. Any subsequent change to the agreed modifications and clarifications shall become effective only after approval of such change by the Borrower and ADB.

Conditions for Award of Contract

6. The Borrower shall ensure that Maxsustrans shall not award any Works contract which involves environmental impacts until:

- (a) SCNP has issued a statement of ecological expertise; and
- (b) the Borrower has incorporated the relevant provisions from the EMP into the Works contract.

7. The Borrower shall ensure that Maxsustrans shall not award any Works contract which involves involuntary resettlement impacts, until the Borrower has prepared and submitted to ADB the final RP based on the Project's detailed design, and obtained ADB's clearance of such RP.

Consulting Services

8. Except as ADB may otherwise agree, and except as set forth in the paragraph below, the Borrower shall apply quality- and cost-based selection for selecting and engaging Consulting Services.

9. The Borrower shall apply the following methods for selecting and engaging the specified Consulting Services, in accordance with, among other things, the procedures set forth in the Procurement Plan: Least-Cost Selection for audit services.

10. The Borrower shall recruit the individual consultants for capacity development in the areas of project management, procurement, safeguards, financial management and monitoring and evaluation in accordance with procedures acceptable to ADB for recruiting individual consultants.

Industrial or Intellectual Property Rights

11. (a) The Borrower shall ensure that all Goods and Works procured (including without limitation all computer hardware, software and systems, whether separately procured or incorporated within other goods and services procured) do not violate or infringe any industrial property or intellectual property right or claim of any third party.

(b) The Borrower shall ensure that all contracts for the procurement of Goods and Works contain appropriate representations, warranties and, if appropriate, indemnities from the contractor or supplier with respect to the matters referred to in subparagraph (a) of this paragraph.

12. 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

13. Contracts procured under international competitive bidding procedures and 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.

14. In the case of a contract for Goods or Works, which is subject to ADB's prior review, the Borrower shall seek ADB's prior approval of any modification or waiver of the terms and conditions of the contract, including:

(a) granting an extension of the stipulated time for completion of a contract for a period of 1 month or more, or which is likely to require an extension of the Loan Closing Date; and

(b) increases in aggregate of the original price by more than 5% (for the avoidance of doubt, such increase shall take into account any previous change under such contract).

15. In the case of a contract for Goods or Works, which is subject to ADB's post review, ADB shall review the required contract modification or waiver and respond to the Borrower as soon as practicable, but not later than 1 month after the receipt of the required document.

16. The Borrower shall provide to ADB copies of all time extensions, modifications or waivers to the contracts (including charge orders) within 1 month following amendment of the contract.

SCHEDULE 5

Execution of Project; Financial Matters

Implementation Arrangements

1. The Borrower shall cause the Project Executing Agencies and Maxsustrans to implement the Project in accordance with the detailed arrangements set forth in the PAM. Any subsequent change to the PAM shall become effective only after approval of such change by the Borrower, each Executing Agency (as applicable), Maxsustrans and ADB. In the event of any discrepancy between the PAM and this Loan Agreement, the provisions of this Loan Agreement shall prevail.
2. On or before the date that is 6 months after the Effective Date, the Borrower shall cause Maxsustrans to establish a website for the Project on which key information about the Project will be made available. The Project website will be accessible to the public and will include the following information about the Project: (a) Project scope, structure, responsible agencies, impact, outcome and outputs; (b) status of Project targets; (c) procurement and consulting services information, including announcement of bidding processes, bidding procedures, list of participating bidders, names of winning bidders, amount of contract awards and a description of the goods or services procured; and (d) all key safeguards related documentation, including the EMP and RP. The Project website will be updated regularly and its content will be presented in the English, Russian and Uzbek languages.
3. The Borrower shall cause Tashkent Municipality and Maxsustrans to: (i) use their best endeavors to ensure that critical Project staff remain in their position on a full-time basis for a reasonable duration to ensure continuity in the implementation of the Project; and (ii) ensure that all Project Executing and Implementing Agencies are adequately staffed and provided with the necessary financial, technical, and other resources to perform their functions under the Project.

Counterpart Funding

4. The Borrower shall ensure that, throughout the Project implementation period, adequate budgetary allocations of the required counterpart funds are approved and released in a timely manner. Without limiting the generality of the foregoing, before the end of each year, the Borrower shall furnish ADB with a public investment Project plan for the succeeding year demonstrating availability of funds necessary for the Project. As part of its counterpart funding commitment, the Borrower shall ensure that no taxes, duties or similar mandatory payments are levied on the Project expenditures within its territory and that it allocates the necessary amount of budgetary funds to Maxsustrans or other appropriate entity to bear the cost of such taxes, duties or similar mandatory payments that accrue on Project expenditures.

Environment

5. The Borrower shall cause Maxsustrans to ensure that the preparation, design, construction, implementation, operation and decommissioning of the Project and the Project Facilities comply with (a) all applicable laws and regulations of the Borrower relating to

environment, health and safety; (b) the Environmental Safeguards; and (c) all measures and requirements set forth in the IEE, the EMP, and any corrective or preventative actions set forth in a Safeguards Monitoring Report.

Land Acquisition and Involuntary Resettlement

6. The Borrower shall ensure or cause Maxsustrans to ensure that all land and all rights-of-way required for the Project are made available to the Works contractor in accordance with the schedule agreed under the related Works contract and all land acquisition and resettlement activities are implemented in compliance with (a) all applicable laws and regulations of the Borrower relating to land acquisition and involuntary resettlement; (b) the Involuntary Resettlement Safeguards; and (c) all measures and requirements set forth in the RP, and any corrective or preventative actions set forth in the Safeguards Monitoring Report.

7. Without limiting the application of the Involuntary Resettlement Safeguards or the RP, the Borrower shall ensure or cause Maxsustrans to ensure that no physical or economic displacement takes place in connection with the Project until:

- (a) compensation and other entitlements have been provided to affected people in accordance with the RP; and
- (b) a comprehensive income and livelihood restoration program has been established in accordance with the RP.

Indigenous Peoples

8. The Borrower shall cause Maxsustrans to ensure that the Project does not cause any impact on indigenous people within the meaning of the SPS. If there is such an impact the Borrower shall cause Maxsustrans to prepare, disclose and implement an indigenous peoples plan in accordance with all applicable laws and regulations of the Borrower relating to indigenous peoples and the SPS.

Human and Financial Resources to Implement Safeguards Requirements

9. The Borrower shall make available or cause Maxsustrans to make available necessary budgetary and human resources to fully implement the EMP and the RP.

Safeguards – Related Provisions in Bidding Documents and Works Contracts

10. The Borrower shall ensure or cause Maxsustrans to ensure that all bidding documents and contracts for Works contain provisions that require contractors to:

- (a) comply with the measures relevant to the contractor set forth in the IEE, the EMP and the RP (to the extent they concern impacts on affected people during construction), and any corrective or preventative actions set forth in a Safeguards Monitoring Report;

- (b) make available a budget for all such environmental and social measures;
- (c) provide Maxsustrans and the Borrower with a written notice of any unanticipated environmental, resettlement or indigenous peoples risks or impacts that arise during construction, implementation or operation of the Project that were not considered in the IEE, the EMP and the RP;
- (d) adequately record the condition of roads, agricultural land and other infrastructure prior to starting to transport materials and construction; and
- (e) reinstate pathways, other local infrastructure, and agricultural land to at least their pre-project condition upon the completion of construction.

Safeguards Monitoring and Reporting

11. The Borrower shall do the following or cause Maxsustrans to do the following:
- (a) submit semi-annual Safeguards Monitoring Reports to ADB and disclose relevant information from such reports to affected persons promptly upon submission;
 - (b) if any unanticipated environmental and/or social risks and impacts arise during construction, implementation or operation of the Project that were not considered in the IEE, the EMP and the RP, promptly inform ADB of the occurrence of such risks or impacts, with detailed description of the event and proposed corrective action plan; and
 - (c) report any actual or potential breach of compliance with the measures and requirements set forth in the EMP or the RP promptly after becoming aware of the breach.

Prohibited List of Investments

12. The Borrower shall ensure that no proceeds of the Loan are used to finance any activity included in the list of prohibited investment activities provided in Appendix 5 of the SPS.

Health and Labor Standards

13. The Borrower shall cause Maxsustrans to ensure that contractors engaged under contracts for Works: (a) comply with all applicable labor laws; (b) use their best efforts to employ women and local people, including disadvantaged people, living in the vicinity of the Works; (c) provide equal pay to men and women for work of equal type; (d) provide and adequately equip first-aid, health and sanitation, and personal hygiene facilities for male and female workers at the Works sites; (e) maximize female training and employment; (f) conduct an information and education campaign on sexually transmitted diseases and HIV/AIDS for

construction workers as part of the health and safety program at campsites and adjacent communities during Works implementation; and (g) abstain from child labor. Relevant Works contracts must include specific clauses on these undertakings.

Solid Waste Sector Development

14. The Borrower, through SCNP and Tashkent Municipality, shall keep ADB informed regarding their policies and programs in the solid waste sector, based on international best practices, and provide ADB with a reasonable opportunity to review and comment upon such policies and programs prior to their adoption and implementation.

Operational Sustainability of Maxsustrans and Tariffs

15. The Borrower and Tashkent Municipality shall cause Maxsustrans to consolidate and improve its operational sustainability by ensuring that commencing no later than the 2017 fiscal year, Maxsustrans achieves and maintains for each subsequent fiscal year, a cash recovery operating ratio of 1.0 or less, where:

- (a) “cash recovery operating ratio” means the ratio of expenditure over revenue net of any subsidies;
- (b) “expenditure” means the sum of all expenses related to operations including administration, maintenance, debt servicing, current taxes and payments in lieu of taxes, and a reasonable return on equity computed on the average of the opening and closing balance of equity, excluding depreciation;
- (c) “debt” means any indebtedness of Maxsustrans maturing by its terms more than 1 year after the date on which it was originally incurred;
- (d) “equity” means the sum of total unimpaired paid-up capital, retained earnings and reserves of Maxsustrans not allocated to cover specific liabilities; and
- (e) “debt servicing” means the aggregate amount of all repayments (including sinking fund payments, lease payments under finance leases if any) whether or not actually paid, and interest and other charges on debt. Interest charges which are incurred in financing capital expenditure during development are excluded if they are capitalized.

16. In the event it is not possible for Maxsustrans to achieve the cash recovery operating ratio defined in paragraph 15, the Borrower shall provide the funds necessary to meet the cash recovery operating ratio and debt service obligations for the years the cash recovery operating ratio is not met, until such time as tariff increases or other sources of income make it possible to meet the cash recovery operating ratio.

17. The Borrower and Tashkent Municipality shall ensure that: (a) Maxsustrans’ tariffs are reviewed at least once a year and set and periodically adjusted as appropriate; (b)

commencing no later than the 2017 fiscal year Maxsustrans achieves an aggregate tariff collection rate from all customers of 90%; and (c) commencing no later than the 2022 fiscal year Maxsustrans achieves an aggregate tariff collection rate from all customers of 95%.

18. In order to further facilitate its operational and financial sustainability, Maxsustrans shall prepare in accordance with prudent business practice, an annual business plan for the approval of Tashkent Municipality.

Operation and Maintenance

19. Maxsustrans shall at all times operate and maintain its plant, equipment and other property, and from time to time, promptly as needed, make all necessary repairs and renewals thereof, all in accordance with sound applicable technical, financial, business, development, operational and maintenance practices.

20. Without limiting paragraph 19 above, the Borrower and Tashkent Municipality shall ensure that all Project Facilities are operated and maintained in accordance with prudent international utility standards and the specifications to be set forth in the operation and maintenance plan for the Project Facilities under the Project.

Change in Ownership, Functions or Authority

21. The Borrower and Tashkent Municipality shall ensure that ADB's consent is obtained at least 3 months prior to implementing any of the following: (a) any change in the ownership or control of Maxsustrans or of any asset, facility or equipment constructed, rehabilitated or procured under the Project; or (b) any change to the functions or authority of Maxsustrans.

Governance and Anticorruption

22. The Borrower, each Project Executing Agency and Maxsustrans shall (a) comply with ADB's Anticorruption Policy (1998, as amended to date) and acknowledge that ADB reserves the right to investigate directly, or through its agents, any alleged corrupt, fraudulent, collusive or coercive practice relating to the Project; and (b) cooperate with any such investigation and extend all necessary assistance for satisfactory completion of such investigation.

23. The Borrower, each Project Executing Agency and Maxsustrans shall ensure that anticorruption provisions acceptable to ADB are included in all bidding documents and contracts, including provisions specifying the right of ADB to audit and examine the records and accounts of the Executing and Implementing Agencies and all contractors, suppliers, consultants, and other service providers as they relate to the Project.