February 12, 2014

Mr. Abdusalom Kurbonov
Minister
Ministry of Finance
Dushanbe
REPUBLIC OF TAJIKISTAN

Dear Mr. Kurbonov,

Re: ECAPDEV Grant No. TF016584 for preparation of the proposed Agriculture Commercialization Project

In response to the request for financial assistance made on behalf of the Republic of Tajikistan ("Recipient"), I am pleased to inform you that the International Development Association ("World Bank"), acting as an administrator of grant funds under the multi-donor Europe and Central Asia ("ECA") Capacity Development Trust Fund ("ECAPDEV") with initial pledge of resources from the Government of Russia, proposes to extend to the Recipient for the benefit of the Republic of Tajikistan ("Member Country"), a grant from the ECAPDEV in an amount not to exceed five hundred and thirty-five thousand United States Dollars (US$535,000) ("Grant") on the terms and conditions set forth or referred to in this letter agreement ("Agreement"), which includes the attached Annex, to assist in the financing of the project described in the Annex ("Project").

This Grant is funded out of the abovementioned trust fund for which the World Bank receives periodic contributions from the Donor. In accordance with Section 3.02 of the Standard Conditions (as defined in the Annex to this Agreement), the World Bank’s payment obligations in connection with this Agreement are limited to the amount of funds made available to it by the Donor under the abovementioned trust fund, and the Recipient’s right to withdraw the Grant proceeds is subject to the availability of such funds.

The Recipient represents, by confirming its agreement below, that it is authorized to enter into this Agreement and to carry out the Project in accordance with the terms and conditions set forth or referred to in this Agreement.

Please confirm the Recipient’s agreement to the foregoing by having an authorized official of the Recipient sign and date the enclosed copy of this Agreement, and returning it to the World Bank. Upon receipt by the World Bank of this countersigned copy, this Agreement shall become effective as of the date of the countersignature; provided, however, that the offer of this Agreement shall be deemed withdrawn if the World Bank has not received the countersigned copy of this Agreement within ninety
(90) days after the date of signature of this Agreement by the World Bank, unless the World Bank shall have established a later date for such purpose.

Very truly yours,

INTERNATIONAL DEVELOPMENT ASSOCIATION

By

Agata E. Pawlowska
Acting Regional Director
Central Asia

AGREED:

REPUBLIC OF TAJIKISTAN

By

Authorized Representative
Name: Abdusalom Kurbonov
Title: Minister of Finance
Date: February 24, 2014

Enclosures:


(2) Disbursement Letter of the same date as this Agreement, together with World Bank Disbursement Guidelines for Projects, dated May 1, 2006

(3) "Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants", dated October 15, 2006 and revised in January 2011


(5) "Guidelines: Selection and Employment of Consultants under IBRD Loans and IDA Credits and Grants by World Bank Borrowers", dated January 2011
Article I

Standard Conditions; Definitions


1.02. Definitions. Unless the context requires otherwise, the capitalized terms used in this Agreement have the meanings ascribed to them in the Standard Conditions or in this Agreement and the following additional terms have the following meaning:

(a) "ACP" means the proposed Agriculture Commercialization Project.

(b) "Operational Manual" means the Operational Manual satisfactory to the Association to be prepared and adopted by the Recipient for the proposed Agriculture Commercialization Project, as the same may be amended from time to time with the Association's prior approval.

(c) "Project Management Unit" or "PMU" means an internally established project implementation unit for the proposed ACP.

Article II

Project Execution

2.01. Project Objectives and Description. The development objectives of the proposed grant are to support the Ministry of Agriculture to prepare the ACP and strengthen its implementation capacity, as well as to strengthen capacity of the ACP's Project Management Unit (PMU) to implement the project. The Project consists of the following parts:

Component 1. Completion of the Relevant Background Studies

This component will comprise: (i) Review of the existing extension services schemes with recommendations for proposed actions for the new project; (ii) Review of the private sector input supply and its regulatory environment with recommendations for proposed actions for the new project. Follow up activities such as draft amendments to legislation and regulations will be prepared during project implementation to align with international best practices, and public sector staff will be trained to apply and monitor these regulations; (iii) Value chain analysis of selected crops (greenhouse/protected crops, protected lemon production, fresh strawberries, dried fruit and vegetables (with an emphasis on apricots), potato, onion) and dairy and meat; (iv) study of legal framework to support cooperative development and transfer of project-financed assets to producer groups and cooperatives.

Component 2. Development of Project Documents

This component will develop a set of documents required for successful preparation and launch of the proposed project, including: (i) development of required environmental and social safeguards documents, including Environmental and Social Impact Assessment, Land Acquisition Framework, Environmental Management Framework; (ii) development of the Procurement Plan for the first year of project implementation; (iii) preparation of the Results Framework; (iv) preparation of the Project Operational Manual. Among others, the Project Operational Manual will include the following sections: (a) Financial Management Manual; (b) Results Monitoring and Evaluation that will document the baseline and target values, as well as their collection and reporting mechanism; and (c) Environmental Guidelines.

This component will provide training to the staff of the Ministry of Agriculture and the Project Management Unit staff to strengthen their capacity to prepare and implement investment projects, as well as their operational capacity, particularly in the areas of financial management, procurement, and monitoring and evaluation, environmental and social safeguards compliance. The component will also finance (i) procurement and installation of IC accounting software; (ii) training of the Financial Management staff; and (iii) computer and office equipment to ensure that the financial management system is fully operational by the start of the ACP. This component will also support development of operational manual that will cover all key implementation aspects of the ACP.

Component 4. Financial Audit

This component will finance financial audit of the use of the funds under the grant at the end of the grant. The audit will be performed by a qualified auditing firm acceptable to the World Bank.

2.02. Project Execution Generally. The Recipient declares its commitment to the objectives of the Project. To this end, the Recipient shall carry out the Project through the Ministry of Agriculture in accordance with the provisions of: (a) Article II of the Standard Conditions; (b) the “Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants”, dated October 15, 2006 (“Anti-Corruption Guidelines”); and (c) this Article II.

2.03. Institutional and Other Arrangements. The Recipient shall carry out the Project in accordance with the following institutional arrangements:

(a) The Recipient, through the Ministry of Agriculture, shall execute a contract with Food and Agriculture Organization (FAO) to support implementation of the Grant following Single Source Selection procedures. Such contract shall contain terms and conditions satisfactory to the World Bank.

(b) The Recipient, through the Ministry of Agriculture, shall establish a technical working group to supervise execution of the contract with FAO and to support the establishment of Project Management Unit for the ACP under the Ministry of Agriculture in preparation of the ACP.

2.04. Donor Visibility and Visit. (a) The Recipient shall take or cause to be taken all such measures as the World Bank may reasonably request to identify publicly the Donor’s support for the Project.

(b) For the purposes of Section 2.09 of the Standard Conditions, the Recipient shall, upon the World Bank’s request, take all measures required on its part to enable the representatives of the Donors to visit any part of the Recipient’s territory for purposes related to the Project.

2.05. Project Monitoring, Reporting and Evaluation. (a) The Recipient shall monitor and evaluate the progress of the Project and prepare Project Reports in accordance with the provisions of Section 2.06 of the Standard Conditions and on the basis of indicators acceptable to the World Bank. There will be two Project Reports covering the period of the project implementation, each project report shall cover four (4) months of project implementation and shall be furnished to the World Bank not later than one month after the period covered by such report.

(b) The Recipient shall prepare the Completion Report in accordance with the provisions of Section 2.06 of the Standard Conditions. The Completion Report shall be furnished to the World Bank not later than four (4) months after the Closing Date.
2.06. **Financial Management**

(a) The Recipient shall ensure that a financial management system is maintained in accordance with the provisions of Section 2.07 of the Standard Conditions.

(b) The Recipient shall ensure that interim unaudited financial reports for the Project are prepared and furnished to the World Bank as part of the Project Report not later than forty-five (45) days after the end of each calendar quarter, covering the quarter, in form and substance satisfactory to the World Bank.

(c) The Recipient shall have its Financial Statements audited in accordance with the provisions of Section 2.07 (b) of the Standard Conditions. Such audit of the Financial Statements shall cover the entire period during which withdrawals from the Grant Account were made. The audited Financial Statements for such period shall be furnished to the World Bank not later than six (6) months after the end of such period.

2.07. **Procurement**

**General**

1. **Procurement and Consultant Guidelines.** All goods, non-consulting services and consultants’ services required for the Project and to be financed out of the proceeds of the Grant shall be procured in accordance with the requirements set forth or referred to in:

   (a) Section I of the “Guidelines: Procurement of Goods, Works and Non-consulting Services under IBRD Loans and IDA Credits & Grants by World Bank Borrowers” dated January 2011 (“Procurement Guidelines”) in the case of goods and non-consulting services, and Sections I and IV of the “Guidelines: Selection and Employment of Consultants under IBRD Loans and IDA Credits & Grants by World Bank Borrowers” dated January 2011 (“Consultant Guidelines”) in the case of consultants’ services; and

   (b) the provisions of this Section III, as the same shall be elaborated in the procurement plan prepared and updated from time to time by the Recipient for the Project in accordance with paragraph 1.18 of the Procurement Guidelines and paragraph 1.25 of the Consultant Guidelines (“Procurement Plan”).

2. **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 II 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**

**Methods of Procurement of Goods.** The following methods may be used for procurement of goods for those contracts specified in the Procurement Plan:

(a) Shopping; and

(b) Direct Contracting.
C. Particular Methods of Procurement of Consultants' Services

The following methods may be used for procurement of consultants' services for those contracts which are specified in the Procurement Plan: (a) Least Cost Selection; (b) Selection based on Consultants' Qualifications; (c) Single-source Selection; (d) Selection of Individual Consultants and (e) Selection of UN Agencies following paragraph 3.15 of Consultant Guidelines.

D. Review by the World Bank of Procurement Decisions

The Procurement Plan shall set forth those contracts which shall be subject to the World Bank’s Prior Review. All other contracts shall be subject to Post Review by the World Bank.

Article III
Withdrawal of Grant Proceeds

3.01. Eligible Expenditures. The Recipient may withdraw the proceeds of the Grant in accordance with the provisions of: (a) Article III of the Standard Conditions; (b) this Section; and (c) such additional instructions as the World Bank may 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 World Bank and as made applicable to this Agreement pursuant to such instructions), to finance Eligible Expenditures as set forth in the following table. The table specifies the categories of Eligible Expenditures that may be financed out of the proceeds of the Grant (“Category”), the allocations of the amounts of the Grant 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 Grant Allocated (expressed in USD)</th>
<th>Percentage of Expenditures to be Financed (inclusive of Taxes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Consultants' services, goods,</td>
<td>535,000</td>
<td>100%</td>
</tr>
<tr>
<td>training and workshops, including Audit</td>
<td></td>
<td></td>
</tr>
<tr>
<td>TOTAL AMOUNT</td>
<td>535,000</td>
<td></td>
</tr>
</tbody>
</table>

For the purposes of this paragraph, the term “Training and Workshops” means the reasonable costs, as shall have been approved by the World Bank, for training and workshops conducted under the Project, including tuition, travel and subsistence costs for training and workshop participants, costs associated with securing the services of trainers and workshop speakers, rental of training and workshop facilities, preparation and reproduction of training and workshop materials, and other costs directly related to training course and workshop preparation and implementation (but excluding goods and consultants’ services), and “Goods” means the reasonable and necessary expenditures related to procurement of three computers and printing and copying machine.
3.02. **Withdrawal Conditions.** Notwithstanding the provisions of Section 3.01 of this Agreement, no withdrawal shall be made for payments made prior to the date of countersignature of this Agreement by the Recipient.

3.03. **Withdrawal Period.** The Closing Date referred to in Section 3.06 (c) of the Standard Conditions is seven (7) months after the date of countersignature of this Agreement by the Recipient.

**Article IV**  
**Recipient’s Representative; Addresses**

4.01. **Recipient’s Representative.** The Recipient’s Representative referred to in Section 7.02 of the Standard Conditions is its Minister of Finance.

4.02. **Recipient’s Address.** The Recipient’s Address referred to in Section 7.01 of the Standard Conditions is:

Ministry of Finance  
3 Akademikov Rajabovikh Ave.  
Dushanbe, 734025  
Republic of Tajikistan

Facsimile: (992-372) 213329

4.03. **World Bank’s Address.** The World Bank’s Address referred to in Section 7.01 of the Standard Conditions is:

International Bank for Reconstruction and Development  
1818 H Street, N.W.  
Washington, D.C. 20433  
United States of America

Facsimile: 1-202-477-6391