H. E. Safarali Najmiddinov  
Minister of Finance  
Ministry of Finance  
Dushanbe  
Republic of Tajikistan

Re: Preparation of the Communal Services Development Fund Project  
Trust Fund Number TF015385

Excellency:

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 and the International Bank for Reconstruction and Development (collectively, the "World Bank"), acting as administrator of grant funds provided by the Multi-Donor Programmatic Trust Fund for ECA Region Capacity Development proposes to extend to the Recipient a grant in an amount not to exceed four hundred fifty thousand United States Dollars (US$450,000) ("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 Donors. 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 Donors 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effective as of the date of the countersignature; provided, however, that the offer of this Agreement shall be deemed withdrawn if the World Bank has not received the countersigned copy of this Agreement within ninety days from the date hereof.
(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
INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

By

Marsha Olive
Country Manager

AGREED:

REPUBLIC OF TAJIKISTAN

By: 
Authorized Representative

Date: 18.09.2018

Name: Safarali Najmiddinov
Title: Minister of Finance

Enclosures:

(2) Disbursement Letter of the same date as this Agreement, together with World Bank Disbursement Guidelines for Projects, dated May 1, 2006
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) "CSDF Project" means the proposed Communal Services Development Fund Project.

(b) "ESSF" means an Environmental and Social Safeguards Framework to be prepared and adopted by the Recipient for the proposed CSDF Project, describing the rules, guidelines and procedures to assess environmental and social impacts of CSDF Project's activities and defining measures to reduce, mitigate or offset adverse environmental and social impacts and enhance the positive impacts of the CSDF Project’s activities, and prepared in manner and content satisfactory to the International Development Association ("the Association").

(c) "KMK" means Khochagii Manziliu Komunali, the State Unitary Enterprise established by Resolution No. 357 of the Government of the Recipient, dated July 31, 2001 or any successor or successors thereto.

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

(e) "Project Agreement" means the agreement of even date herewith between the KMK and the Association, as such agreement may be amended from time to time and such term includes all schedules and agreements supplemental to the Project Agreement;

(f) "Project Implementation Agreement" means the agreement to be entered into between KMK and the PMU pursuant to Section 2.03 to this Agreement on terms and conditions satisfactory to the World Bank.

(g) "Project Management Unit" or "PMU" means the Municipal Infrastructure Development Project Management Center, established by the Recipient’s Government Resolution No. 408, dated October 1, 2004, as amended by Resolution No. 357, dated September 28, 2005, or any successor or successors thereto;
(h) "Subsidiary Grant Agreement" means the agreement to be entered into between the
Recipient, represented by its Ministry of Finance, and the KMK pursuant to Section 2.03
of the Annex of this Agreement, on terms and conditions satisfactory to the World Bank,
as the same may be amended from time to time;

(i) "Training" means expenses incurred in connection with training courses, seminars,
workshops and other training-related activities under the Project including travel costs
and per diem for participants, trainers and trainees, trainers’ fees, rental of training
facilities, preparation and reproduction of training materials and other activities incidental
to the preparation and implementation of training activities.

Article II
Project Execution

2.01. **Project Objectives and Description.** The objective of the Project is to conduct preparation activities
and studies for the proposed Communal Services Development Fund Project. The Project consists of the
following parts:

**Part I: Detailed Design of Communal Services Development Fund**

Developing a detailed design for the proposed CSDF Project through the provision of consultants’
services, including:

(a) developing the institutional structure of CSDF;

(b) developing the CSDF charter; and

(c) developing sustainable business processes including: (i) framework for funding windows;
(ii) eligibility criteria for sub-projects and participating municipalities or utilities; (iii) terms
of reference to acquire a viable financial management system; and (iv) monitoring system,
including procedures for sub-project identification, supervision, and reporting.

**Part II: Development of Operational Manual and Identification of Sub-projects**

Preparing the Operational Manual and ESSF for the proposed CSDF Project and identifying target
beneficiaries and pipelines of sub-projects through the provision of consultants’ services.

**Part III: Capacity Building and Stakeholder Consultations**

Training and capacity building activities and carrying out workshops and stakeholder consultations
through the provision of consultants’ services and training to enhance the readiness of government
counterpart agencies, participating municipalities and utilities.

**Part IV: Grant Audit**

Carrying out the Grant audit.
2.02. **Project Execution Generally.** The Recipient declares its commitment to the objectives of the Project. To this end, the Recipient shall cause the Project to be carried out by KMK ("Project Implementing Entity") 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 and revised in January 2011 ("Anti-Corruption Guidelines"); (c) this Article II; and (d) the agreement dated the same date as this Agreement between the World Bank and the Project Implementing Entity, as such agreement may be amended from time to time ("Project Agreement").

2.03. **Institutional and Other Arrangements**

(a) The Recipient shall make the proceeds of the Grant available to KMK under a Subsidiary Grant Agreement to be entered into between the Recipient and KMK, under terms and conditions which shall have been approved by the World Bank.

(b) The Recipient shall exercise its rights under the Subsidiary Grant Agreement in such manner as to protect the interests of the Recipient and the World Bank and to accomplish the purposes of the Grant, and, except as the World Bank shall otherwise agree, the Recipient shall not assign, amend, abrogate or waive the Subsidiary Grant Agreement or any provision thereof.

(c) In the case of a conflict between the provisions of the Subsidiary Grant Agreement and the provisions of this Agreement, the provisions of this Agreement shall prevail.

(d) The Recipient shall ensure that KMK is maintained in an organizational form, with staff, resources and under terms of reference, all satisfactory to the World Bank.

(e) The Recipient shall cause KMK to enter into a Project Implementation Agreement with PMU, on terms and conditions satisfactory to the World Bank, which shall specify the division of responsibilities and their respective roles in the implementation of the Project.

(f) The Recipient shall ensure that KMK exercises its rights under the Project Implementation Agreement in such manner as to protect the interests of the Recipient and the World Bank, and to accomplish the purposes of the Project. Except as the World Bank shall otherwise agree, the Recipient shall ensure that the KMK does not assign, amend, abrogate, or waive the Project Implementation Agreement or any of its provisions.

2.04. **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. Each Project Report shall cover the period of one calendar semester, and shall be furnished to the World Bank not later than forty five (45) days after the end of 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 six (6) months after the closing date.
2.05. **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 not later than forty five (45) days after the end of each semester, covering the semester, 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.

2.06. **Procurement**

(a) General. All 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:


(ii) Sections I and IV of the “Guidelines: Selection and Employment of Consultants under IBRD Loans and IDA Credits and Grants by World Bank Borrowers” dated January 2011 (“Consultant Guidelines”) in the case of consultants’ services; and

(iii) the provisions of this Section, 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”).

(b) Definitions. The capitalized terms used in the following paragraphs of this Section to describe particular procurement methods or methods of review by the World Bank 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.

(c) **Particular Methods of Procurement of Consultants’ Services**

(i) Except as otherwise provided in item (ii) below, consultants’ services shall be procured under contracts awarded on the basis of Quality- and Cost-based Selection.

(ii) The following methods, other than Quality- and Cost-based Selection, may be used for the procurement of consultants’ services for those assignments 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) Well-established Private Sector Procurement Methods or Commercial Practices which have been found acceptable to the World Bank; (G) Selection of consultants under Indefinite Delivery Contract or Price Agreement; (H) Selection of Individual Consultants; and (I) Single-source procedures for the Selection of Individual Consultants.

(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) 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:

<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>
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<tbody>
<tr>
<td>Consultants’ services (including audit) and training</td>
<td>450,000</td>
<td>100%</td>
</tr>
<tr>
<td>TOTAL AMOUNT</td>
<td>450,000</td>
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3.02. Withdrawal Period. The Closing Date referred to in Section 3.06(c) of the Standard Conditions is December 31, 2014.

Article IV
Additional Remedies

4.01. Additional Events of Suspension. The Additional Events of Suspension referred to in Section 4.02(k) of the Standard Conditions consists of the following:
(a) the Subsidiary Grant Agreement, or any provision thereof, shall have been amended, suspended, abrogated, repealed or waived in such a way as to materially or adversely affect the ability of the KMK to carry out the Project;

(b) the Project Implementation Agreement, or any provision thereof, shall have been amended, suspended, abrogated, repealed or waived in such a way as to materially or adversely affect the ability of the PMU to carry out the Project; and

(c) KMK’s legislation has been amended, suspended, abrogated, repealed or waived so as to affect materially and adversely the ability of KMK to perform any of its obligations under the Project Agreement.

**Article V**

**Effectiveness; Termination**

5.01. This Agreement shall not become effective until evidence satisfactory to the World Bank has been furnished to the World Bank that the conditions specified below have been satisfied:

(a) The execution and delivery of this Agreement on behalf of the Recipient, and the Project Agreement on behalf of the KMK have been duly authorized or ratified by all necessary governmental and corporate action;

(b) The Subsidiary Agreement referred to in Section 2.03 of this Annex has been executed on behalf of the Recipient and the KMK; and

(c) The Project Implementation Agreement, satisfactory to the World Bank, has been entered into between KMK and the PMU.

**Article VI**

**Recipient’s Representative; Addresses**

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

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

Ministry of Finance
3, Akademic Rajobovkho Street
Dushanbe, 734025
Republic of Tajikistan

Facsimile:

(992-372) 213329
6.03. **World Bank's Address.** The World Bank’s Address referred to in Section 7.01 of the Standard Conditions is:

World Bank  
1818 H Street, N.W.  
Washington, D.C. 20433  
United States of America

<table>
<thead>
<tr>
<th>Cable:</th>
<th>Telex:</th>
<th>Facsimile:</th>
</tr>
</thead>
<tbody>
<tr>
<td>INDEVAS</td>
<td>248423 (MCI) or</td>
<td>1-202-477-6391</td>
</tr>
<tr>
<td>Washington, D.C.</td>
<td>64145 (MCI)</td>
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