OFFICIAL DOCUMENTS

GRANT NUMBER D030-TJ

Financing Agreement

(Central Asia Roads Links Project-CARs-2)

between

REPUBLIC OF TAJIKISTAN

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated April 16, 2015
GRANT NUMBER D030-TJ

FINANCING AGREEMENT

AGREEMENT dated April 16, 2015, entered into between the REPUBLIC OF TAJIKISTAN ("Recipient") and the INTERNATIONAL DEVELOPMENT ASSOCIATION ("Association"). The Recipient and the Association hereby agree as follows:

WHEREAS:

(A) the Association has received a letter dated November 4, 2014, from the Ministry of Transport of the Republic of Tajikistan confirming its commitment to the Central Asia Roads Links (CARs) Program aimed at increasing transport connectivity between neighboring countries in Central Asia along priority cross-border road links, and to support improvements in road operations and maintenance practices (the Program); and

(B) the Recipient, having been satisfied as to the feasibility and priority of the project (the Project) described in Schedule 1 to this Agreement, has requested, in a letter dated April 19, 2013, the Association to assist in the financing of the Project, as the second phase of the CARs Program;

The Recipient and the Association hereby agree as follows:

ARTICLE I — GENERAL CONDITIONS; DEFINITIONS

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

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

ARTICLE II — FINANCING

2.01. The Association agrees to extend to the Recipient, on the terms and conditions set forth or referred to in this Agreement, a grant ("Financing") in the following amount equivalent to four million seven hundred thousand Special Drawing Rights (SDR 4,700,000) ("Grant"), to assist in financing the project described in Schedule 1 to this Agreement ("Project").

2.02. The Recipient may withdraw the proceeds of the Financing in accordance with Section IV of Schedule 2 to this Agreement.
2.03. The Maximum Commitment Charge Rate payable by the Recipient on the Unwithdrawn Financing Balance shall be one-half of one percent (1/2 of 1%) per annum.

2.04. The Payment Dates are May 15 and November 15 in each year.

2.05. The Payment Currency is Dollar.

**ARTICLE III — PROJECT**

3.01. The Recipient declares its commitment to the objective of the Project. To this end, the Recipient shall carry out the Project, through Ministry of Transport (MOT), in accordance with the provisions of Article IV of the General Conditions.

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

**ARTICLE IV — EFFECTIVENESS; TERMINATION**

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

(a) The execution and delivery of the Financing Agreement (Credit) on behalf of the Recipient has been duly authorized or ratified by all necessary governmental action and all conditions precedent to its effectiveness or to the right of the Recipient to make withdrawals under it (other than the effectiveness of this Agreement) have been fulfilled.

(b) The Recipient has signed the contract for installation and adaptation of the IC accounting software for project accounting, budgeting and reporting, and the Recipient has made provisions for adequate training on the new accounting system for the effective use by its accounting staff and the financial management consultant.

(c) The Recipient has signed the contract acceptable to the Association for recruitment of a financial management consultant to support the Chief Accountant of the MOT in implementation of this Project.
4.02 The Effectiveness Deadline is the date one hundred eighty (180) days after the date of this Agreement.

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

ARTICLE V — REPRESENTATIVE; ADDRESSES

5.01. The Recipient's Representative is the Minister of Finance.

5.02. The Recipient's Address is:

Ministry of Finance
3 Akademikho Rajabovho
Dushanbe, 734025
Republic of Tajikistan

(992-372) 213320

5.03. The Association's Address is:

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

Cable: INDEVAS
Telex: 248423 (MCI)
Facsimile: 1-202-477-6391
Washington, D.C.
AGREEED at Dushanbe, Republic of Tajikistan, as of the day and year first above written.

REPUBLIC OF TAJIKISTAN

By

Authorized Representative

Name: Abdusalom Abbosoviyon
Title: Minister of Finance

INTERNATIONAL DEVELOPMENT ASSOCIATION

By

Authorized Representative

Name: Sobir Kurbekov
Title: Acting Country Director
SCHEDULE 1

Project Description

The objective of the Project is to increase transport connectivity between the Republic of Tajikistan and neighboring countries along priority cross-border road links in Sugd Oblast, and to support improvements in road operations and asset management practices.

The Project consists of the following parts:

Part 1: Rehabilitation of Priority Road Sections in Sugd Oblast

Rehabilitating approximately 70 kilometers of road sections in Sugd Oblast, including and within close proximity of the road linking Kuekkak-Kim-Ishara-Guliston Dehmoi-Proletarsk-Madaniyat, and Kanibadam-Patar through the provision of works and consultants’ services.

Part 2: Improvement of Road Operations and Asset Management Practices

Provision of goods and consultants’ services for improving road operations and asset maintenance practices, including: (i) a review of technical standards, norms and parameters on vehicle weight and axle load limits and tariffication, development of an axle loading control plan and financing of equipment necessary to implement the axle loading control plan; (ii) procurement of a roughness profiler; and (iii) support towards final deployment of a road asset management system, and preparation of a Transport Sector Development Strategy within the Ministry of Transport of the Recipient.

Part 3: Project Management and Implementation

Supporting project coordination, implementation and management through the provision of goods, consultants’ services, Training, and Incremental Operating Costs, including for Project’s external audit.
SCHEDULE 2

Project Execution

Section I. Implementation Arrangements

A. Institutional Arrangements

The Recipient shall carry out the Project in accordance with the following institutional and other arrangements:

1. The Recipient, through the MOT, shall carry out the Project in accordance with the requirements, criteria, organizational arrangements and operational procedures set forth in the Project Operational Manual, the Resettlement Policy Framework and the EIA, and shall not assign, amend, abrogate or waive any provisions of the Project Operational Manual, the Resettlement Policy Framework, or the EIA without prior approval of the Association.

2. At all times during the implementation of the Project, the Recipient shall ensure that PIG is maintained with a composition, resources and terms of reference acceptable to the Association.

3. Within two (2) months of the Effective Date of the Project, the Recipient shall ensure that PIG will have staffed the PIG with the relevant civil servants and signed contracts with the specialized consultants identified in paragraph 2 above, all with qualifications and experience acceptable to the Association.

B. Anti-Corruption

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

C. Safeguards

1. The Recipient, shall, through the MOT:

   (a) prior to the commencement of any works on those sections within the Project area where land acquisition or resettlement may be required, prepare a Resettlement Action Plan or Plans, acceptable to the Association, in accordance with the Resettlement Policy Framework; and disclose and carry out consultations for said Resettlement Action Plans in accordance with the provisions of the RPF;

   (b) carry out the Project in accordance with the Resettlement Action Plan or Plans, as the case may be; and
(c) not amend, suspend or abrogate any of the provisions of the Resettlement Action Plan or Plans, as the case may be, without the prior agreement of the Association.

2. The Recipient, shall, through the MOT:

   (a) prepare, prior to the commencement of any works under the Project, a site-specific Environmental Management Plan, acceptable to the Association, in accordance with the EIA;

   (b) carry out the Project in accordance with the EIA and the site-specific Environmental Management Plan; and

   (c) not amend, suspend or abrogate any of the provisions of the site-specific Environmental Management Plan without the prior agreement of the Association.

Section II. Project Monitoring, Reporting and Evaluation

A. Project Reports

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

2. For purposes of Section 4.08 (c) of the General Conditions, the report on the execution of the Project and related plan required pursuant to that Section shall be furnished to the Association not later than February 28, 2020.

3. By June 30, 2017 or such other date as the Association shall agree upon, the Recipient shall carry out jointly with the Association, a mid-term review of the implementation of the activities under the Project (Mid-term Review). The Mid-term Review shall cover the progress achieved in the implementation of the Project. Following such Mid-term Review, the Recipient shall act promptly and diligently to take any corrective action as shall have been agreed with the Association.

B. Financial Management, Financial Reports and Audits

1. The Recipient shall maintain or cause to be maintained a financial management system in accordance with the provisions of Section 4.09 of the General Conditions.
2. The Recipient shall prepare and furnish to the Association not later than forty-five (45) days after the end of each calendar quarter, interim unaudited financial reports for the Project covering the quarter, in form and substance acceptable to the Association.

3. The Recipient shall have its Financial Statements audited in accordance with the provisions of Section 4.09 (b) of the General Conditions and in accordance with the International Standards on Auditing. Each audit of the Financial Statements shall cover the period of one fiscal year of the Recipient. The audited Financial Statements for each such period shall be furnished to the Association not later than six (6) months after the end of such period.

Section III. Procurement

A. General

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

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

3. Definitions. The capitalized terms used below in this Section to describe particular procurement methods or methods of review by the Association of particular contracts, refer to the corresponding method described in Sections 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, Works and Non-consulting Services

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

2. Other Methods of Procurement of Goods, Works and Non-consulting Services. The following methods, other than International Competitive Bidding, may be used for procurement of goods, works and non-consulting services for those contracts specified in the Procurement Plan:

   (a) National Competitive Bidding (NCB), subject to the following additional provisions set forth in the Annex to this Schedule 2;

   (b) Shopping; and
(c) Direct Contracting.

C. Particular Methods of Procurement of Consultants' Services

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

2. Other Methods of Procurement of Consultants' Services. The following methods, other than Quality and Cost-based Selection, may be used for procurement of consultants' services for those contracts which are specified in the Procurement Plan:

   (a) Quality-based Selection;
   (b) Selection under a Fixed Budget;
   (c) Least Cost Selection;
   (d) Selection based on Consultants' Qualifications;
   (e) Single-Source Selection; and
   (f) Selection of Individual Consultants.

D. Review by the Association of Procurement Decisions

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

Section IV. Withdrawal of the Proceeds of the Financing

A. General

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

2. The following table specifies the categories of Eligible Expenditures that may be financed out of the proceeds of the Financing ("Category"), the amount 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 SDR)</th>
<th>Percentage of Expenditures to be Financed (exclusive of VAT and customs taxes and fees)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Works for Part 1 of the Project</td>
<td>1,590,000</td>
<td>83%</td>
</tr>
<tr>
<td>(2) Goods, non-consulting services, consultants’ services, Training and Incremental Operating Costs (including audit) for the Project</td>
<td>3,110,000</td>
<td>100%</td>
</tr>
<tr>
<td>TOTAL AMOUNT</td>
<td>4,700,000</td>
<td></td>
</tr>
</tbody>
</table>

**B. Withdrawal Conditions; Withdrawal Period**

1. Notwithstanding the provisions of Part A of this Section, no withdrawal shall be made:

   (a) for payments made prior to the date of this Agreement, except that withdrawals up to an aggregate amount not to exceed two hundred fifty thousand Special Drawing Rights (SDR 250,000) may be made for payments made prior to this date but on or after February 25, 2015 for Eligible Expenditures under Category 2; and

   (b) under Category (1), unless an Environmental Management Plan and a Resettlement Action Plan have been prepared in accordance with paragraphs 1 and 2 of Section 1.C of Schedule 2 to this Agreement.

2. The Closing Date is August 31, 2020.
ANNEX TO SCHEDULE 2

NATIONAL COMPETITIVE BIDDING

The procurement procedure to be followed for National Competitive Bidding shall be the tendering with unlimited participation procurement method set forth in Law #168, the Law of the Republic of Tajikistan on “Public Procurement of Goods, Works and Services,” dated March 3, 2006 (as amended by Law #815, the Law of the Republic of Tajikistan on “Introduction of Amendments and Additions to the Law of the Republic of Tajikistan on ‘Public Procurement of Goods, Works and Services’” dated April 16, 2012) (“the PPL”); provided, however, that such procedure shall be subject to: (a) the provisions of Section I and paragraphs 3.3 and 3.4 of the Procurement Guidelines (as required by paragraph 3.3 of the Guidelines); and (b) the following paragraphs:

Participation in bidding

1. **Eligibility:** Eligibility of bidders to participate in a procurement process and to be awarded a World Bank financed contract shall be as defined under Section I of the Procurement Guidelines; accordingly, no bidder or potential bidder shall be declared ineligible for contracts financed by the World Bank for reasons other than those provided in Section I of the Procurement Guidelines.

2. **Domestic Preference:** No domestic preference may be applied in bid evaluation on the basis of bidder nationality, the origin of goods, services or labor, and/or preferential programs.

3. **Bidding Documents:** Procuring entities shall use the appropriate standard bidding documents acceptable to the World Bank, which documents shall be prepared so as to ensure economy, efficiency, transparency, and broad consistency with the provisions of Section I of the Procurement Guidelines. Until a modified version of the Recipient’s standard bidding documents has been approved by the World Bank, the World Bank’s sample NCB bidding documents for the Europe and Central Asia Region shall be used.

4. **Bid Validity:** The bid validity period required by the bidding documents shall be sufficient to account for any period that may be required for the approval and registration of the contract as contemplated in the PPL. An extension of bid validity, if justified by exceptional circumstances, may be requested in writing from all bidders before the original bid validity expiration date, provided that such extension shall cover only the minimum period required to complete the evaluation, award a contract, and/or complete the registration process. No further extensions shall be requested without the prior written concurrence of the World Bank.
5. Qualification: Qualification criteria shall be clearly specified in the bidding documents. All criteria so specified, and only such specified criteria, shall be used to determine whether a bidder is qualified. Qualification shall be assessed on a "pass or fail" basis, and merit points shall not be used. Such assessment shall be based entirely upon the bidder's or prospective bidder's capability and resources to effectively perform the contract, taking into account objective and measurable factors, including: (i) relevant general and specific experience, and satisfactory past performance and successful completion of similar contracts over a given period; (ii) financial position; and where relevant; (iii) capability of construction and/or manufacturing facilities.

Prequalification procedures and documents acceptable to the World Bank shall be used for large, complex and/or specialized works contracts. Verification of the information upon which a bidder was prequalified, including current commitments and the bidder's capability with respect to personnel and equipment, shall be carried out at the time of contract award. In the procurement of goods and works where prequalification is not used, the qualification of the bidder who is recommended for award of contract shall be assessed by post-qualification, applying the qualification criteria stated in the bidding documents.

6. Guarantees: Guarantees shall be in the format specified in the bidding documents. The bid guarantee shall be valid for twenty-eight days (28) beyond the original validity period of the bid, or beyond any period of extension if requested.

7. Bid Submission and Bid Opening: Prospective bidders shall be given at least thirty (30) days from the date of publication of the invitation to bid or the date of availability of the bidding documents, whichever is later, to prepare and submit bids. Bids may be delivered by mail or by hand. Bids shall be opened in public immediately after the deadline for their submission. The minutes of bid opening shall be signed by the members of the bidding committee immediately after bid opening. A copy of the bid opening minutes shall be promptly provided to all bidders who submitted bids, and to the World Bank with respect to contracts subject to the World Bank's prior review. No bids shall be rejected at bid opening.

8. Bid Evaluation and Award of Contracts: Bidders shall not be allowed to be present during bid evaluation, and no information relating to the evaluation of bids shall be disclosed to bidders until the bidders are notified of the contract award.

Evaluation criteria shall be clearly specified in the bidding documents. Evaluation of bids shall be made in strict adherence to the criteria specified in the bidding documents. All bid evaluation criteria other than price shall be quantifiable in monetary terms. Merit points shall not be used, and no minimum point or percentage value shall be assigned to the significance of price, in bid evaluation. Bidders shall not be eliminated on the basis of minor, nonmaterial deviations. Contracts shall be awarded to the qualified bidder whose bid has been determined:
(i) to be substantially responsive to the bidding documents; and (ii) to offer the lowest-evaluated cost.

A bidder shall not be required, as a condition for award, to undertake obligations not specified in the bidding documents or otherwise to modify the bid as originally submitted.

9. **Cost Estimates:** Cost estimates shall be confidential and shall not be disclosed to prospective bidders. No bids shall be rejected on the basis of comparison with the cost estimates and/or budget ceiling without the World Bank’s prior written concurrence.

10. **Rejection of Bids and Re-bidding:** No bids shall be rejected solely because they fall outside a pre-determined margin or “bracket” of prices. All bids (or the sole bid if only one bid is received) shall not be rejected, the procurement process shall not be cancelled, and new bids shall not be solicited without the World Bank’s prior written concurrence.

11. **Contract Modifications:** With respect to contracts subject to the World Bank’s prior review, the Recipient shall obtain the World Bank’s no objection before agreeing to: (i) a material extension of the stipulated time for performance of a contract; (ii) any substantial modification of the contract scope of services or other significant changes to the terms and conditions of the contract; (iii) any variation order or amendment (except in cases of extreme urgency) which, singly or combined with all variation orders or amendments previously issued, increases the original contract amount by more than fifteen percent (15%); or (iv) the proposed termination of the contract. A copy of all contract amendments shall be provided to the World Bank.

12. **Fraud and Corruption:** The bidding documents and contract as deemed acceptable by the World Bank shall include provisions stating the World Bank’s policy to sanction firms or individuals, found to have engaged in fraud and corruption as defined in the Procurement Guidelines.

13. **Inspection and Audit Rights:** In accordance with the Procurement Guidelines, each bidding document and contract financed out of the proceeds of the Financing shall provide that bidders, suppliers and contractors, and their subcontractors, agents, personnel, consultants, service providers, or suppliers, shall permit the World Bank to inspect all accounts, records, and other documents relating to the submission of bids and contract performance, and to have them audited by auditors appointed by the World Bank. Acts intended to materially impede the exercise of the World Bank’s inspection and audit rights provided for in the Procurement Guidelines constitute an obstructive practice as defined in the Procurement Guidelines.
APPENDIX

Definitions


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


4. “Environmental Impact Assessment” or “EIA” means the environmental impact assessment, dated August 27, 2014 disclosed on October 3, 2014, acceptable to the Association, consisting of, inter alia: (i) a detailed description of the sites where the Project activities are to be carried out; (ii) the potential and actual adverse environmental impacts of the activities referred to under paragraph (i) above; and (iii) a format of an EMP setting out good practices and measures to be taken during the implementation and operation of the Project to mitigate, eliminate or otherwise offset adverse environmental impacts under the Project.

5. “Financing Agreement (Credit)” means the Financing Agreement of even date between the Recipient and IDA provided for the Project by IDA in an amount of twenty six million five hundred thousand Special Drawing Rights (SDR 26,500,000).


7. “Incremental Operating Costs” means incremental expenditures incurred by the MOT on account of Project implementation, management and monitoring, including: dissemination of Project related information, travel costs, lodging and per diem for field trips related to Project implementation, at the rates specified under the financial management requirements set forth in the Project Operational Manual; vehicle rent and acquisition; supplies and utilities; salaries of contractual staff; mail, advertisement costs, translation costs, commercial bank charges, communication costs, office equipment and maintenance, hardware and software, as such costs shall be agreed with the Association on an annual basis, but excluding salaries of officials and/or employees of the Recipient’s civil service as well as any Social Charges on their salaries.

9. “MOT” means the Ministry of Transport of the Recipient or any successors thereto.

10. “PIG” means the Project Implementation Group established within MOT by the Ministerial Decree Regarding Establishment of the Project Implementation Group on August 1, 2014 for purposes of day-to-day Project management and referred to in paragraph 2 of Section I.A of Schedule 2.


12. “Procurement Plan” means the Recipient’s procurement plan for the Project, dated December 15, 2014 and referred to in paragraph 1.18 of the Procurement Guidelines and paragraph 1.25 of the Consultant Guidelines, as the same shall be updated from time to time in accordance with the provisions of said paragraphs.

13. “Resettlement Action Plan” or “RAP” means the site-specific documents, to be adopted by the Recipient, pursuant to paragraph 1 of Section I.C of Schedule 2 to this Agreement, and acceptable to the Association, containing, inter alia, a program of actions, measures and policies for compensation and resettlement of persons, including compensation and resettlement arrangements, budget and cost estimates, and sources of funding, together with adequate institutional, monitoring and reporting arrangements capable of ensuring proper implementation of, and regular feedback on compliance with its terms for the site, including the RAP.


15. “Site-specific Environmental Management Plan” or “Site-specific EMP” means the site-specific document, prepared by the Recipient, set forth in the EIA, and acceptable to the Association, in respect of works to be undertaken by the Recipient under the Project defining details of measures to manage potential environmental risks and mitigate, reduce and/or offset adverse environmental impacts associated with the implementation of activities under the Project, together with adequate institutional, monitoring and reporting arrangements capable of ensuring proper implementation of, and regular feedback on compliance with, its
terms, as the same may be amended and supplemented from time to time with the Association’s prior written approval.

16. "Social Charges" means any payments, premia, or contributions for health benefits, unemployment benefits, disability insurance, workers’ compensation benefits, retirement (pension or social security) benefits, and life insurance, which constitute payment for the drawdown of future benefits to the staff concerned.

17. "Training" means Project related study tours, training courses, seminars, workshops and other training activities, not included under goods or service providers’ contracts, including costs of training materials, space and equipment rental, travel, per diem costs of trainees and trainers and trainers’ fees, based on an annual budget agreed with the Association.