GRANT NUMBER D5000-TJ

Financing Agreement

(Socio-Economic Resilience Strengthening Project)

between

REPUBLIC OF TAJIKISTAN

and

INTERNATIONAL DEVELOPMENT ASSOCIATION
AGREEMENT dated as of the Signature Date between REPUBLIC OF TAJIKISTAN ("Recipient") and INTERNATIONAL DEVELOPMENT ASSOCIATION ("Association"). 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) apply to and form 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 a grant, which is deemed as Concessional Financing for purposes of the General Conditions, in an amount equivalent to twenty-six million eight hundred thousand Special Drawing Rights (SDR 26,800,000) ("Financing"), 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 III of Schedule 2 to this Agreement.

2.03. The Maximum Commitment Charge Rate is one-half of one percent (1/2 of 1%) per annum on the Unwithdrawn Financing Balance.

2.04. The Payment Dates are April 15 and October 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 cause the Project to be carried out by the Project Implementing Entity in accordance with the provisions of Article V of the General Conditions, Schedule 2 to this Agreement and the Project Agreement.

ARTICLE IV — REMEDIES OF THE ASSOCIATION

4.01. The Additional Event of Suspension consists of the following, namely that the Project Implementing Entity’s Legislation has been amended, suspended, abrogated, repealed or waived so as to affect materially and adversely, in the opinion of the Association, the ability of the Project Implementing Entity to perform any of its obligations under the Project Agreement.

ARTICLE V — EFFECTIVENESS; TERMINATION

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

(a) the Subsidiary Agreement has been executed on behalf of the Recipient and the Project Implementing Entity satisfactory to the Association;

(b) the Project Operational Manual, including the Subgrants Manual, has been adopted by the Project Implementing Entity in a form and substance satisfactory to the Association.

5.02. The Effectiveness Deadline is the date one hundred twenty (120) days after the Signature Date.

5.03. For purposes of Section 10.05 (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 Signature Date.
ARTICLE VI — REPRESENTATIVE; ADDRESSES

6.01. The Recipient’s Representative is its Minister of Finance.

6.02. For purposes of Section 11.01 of the General Conditions: (a) the Recipient’s address is:

Ministry of Finance
3 Academikov Rajabovskh Avenue
Dushanbe, 734025
Republic of Tajikistan

(b) the Recipient’s Electronic Address is:

Facsimile:
(992-372) 213329

6.03. For purposes of Section 11.01 of the General Conditions: (a) The Association’s address is:

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

(b) the Association’s Electronic Address is:

Telex: Facsimile:
248423 (MCI) 1-202-477-6391
AGREED as of the Signature Date.

REPUBLIC OF TAJIKISTAN

By

Authorized Representative

Name: Faiziddin Qakhorzoda
Title: Minister of Finance
Date: March 10, 2020

INTERNATIONAL DEVELOPMENT ASSOCIATION

By

Authorized Representative

Name: Jørgen Pedersen
Title: Country Manager
Date: March 10, 2020
SCHEDULE 1

Project Description

The objectives of the Project are to (i) strengthen participatory local governance, (ii) improve the quality of local infrastructure, both in targeted communities, and (iii) increase extracurricular or livelihoods opportunities for youth.

The Project consists of the following parts:

Part 1: Inclusive Local Development Initiatives

1.1 Sub-grants to Beneficiaries for local development initiatives.

Provide support for the selected Sub-projects to improve local living conditions, including (i) the rehabilitation of village-level water supply and sanitation systems, (ii) the rehabilitation of on-farm irrigation systems, (iii) the rehabilitation of schools and local health clinics, (iv) the expansion or construction of kindergartens on existing premises, and (v) the rehabilitation of tertiary roads, through the provision of Sub-grants to selected Beneficiaries within the Project Area and technical assistance for the technical design associated with the respective Sub-projects.

1.2 Community and Youth Mobilization, Social Accountability, and Local Governance Capacity Building.

Provide support to TFPs for the activities in the following areas:

(a) Subgrants Implementation Cycle including, but not limited to: (i) community youth mobilization, (ii) participatory needs assessment, (iii) participatory planning and prioritization/selection of village investments, (iv) participatory management, and (v) oversight and monitoring and participatory operations and maintenance;

(b) Social Accountability and Transparency including, but not limited to: (i) social audits to ensure that decisions under the Project are inclusive and poverty-focused, and (ii) semi-annual community scorecards for feedback on Project implementation;

(c) Capacity Building for Improved Local Governance Practices including, but not limited to: (i) provision of training of local stakeholders on the principles and practices of local governance, and (ii) provision of goods, technical assistance, and training, including village exchanges and other learning events for villages, Jamoats, Jamoat councilors and administrators, Jamoat Project Commissions and Mahalla Committee
leaders on, *inter alia*, community engagement: participatory planning, project management, and oversight; and managing local finances.

1.3 **Refurbishment of Youth Facilities.**

Provide support for rehabilitation of and equipment for existing spaces for youth-inclusive services and livelihood activities.

**Part 2: Youth Inclusion and Livelihoods**

2.1 **Youth-Inclusive Services.** Provide Training to selected youth on extracurricular activities, including the development of (i) soft skills, including teamwork, communication, critical thinking, decision making, confidence building, peacebuilding, and problem solving; (ii) psychosocial support; (iii) gender equality training, including gender-based violence prevention training; and (iv) digital literacy skills, including online training curriculum using freely available software.

2.2 **Youth Livelihoods.** Provide technical assistance, Training and goods, including tools and equipment, for livelihood activities regarding, but not limited to (i) detailed market analyses, (ii) basic accounting, (iii) preparation of business plans, and (iv) entrepreneurial mindset and post-creation support for livelihood groups, including coaching and mentoring.

**Part 3: Project Management, Monitoring and Evaluation, Communications**

3.1 Provide support for (i) Project management activities, including overall coordination and supervision of Project implementation, Project audits, and financing of Incremental Operating Costs, (ii) Project monitoring and evaluation activities, Project transparency and citizen feedback, and (iii) manage a Beneficiary Feedback Mechanism, including a GRM.

3.2 Provide support to (i) develop communication materials, including the production of audiovisuals and informational materials on Project stages and activities, and (ii) organize and conduct knowledge-sharing meetings about lessons learned and good practices across the Project Areas, as well as two cross-regional and/or national forums, such as exhibits, conferences, and youth dialogues.
SCHEDULE 2

Project Execution

Section I. Implementation Arrangements

A. Institutional Arrangements

1. The Recipient shall establish, not later than three (3) months after the Effective Date and thereafter maintain, throughout the implementation of the Project, a Project Steering Committee satisfactory to the Association.

2. The Recipient shall cause the Project Implementing Entity to establish not later than three (3) months after the Effective Date and thereafter maintain, throughout the implementation of the Project, a Project management team with adequate staff and resources acceptable to the Association. The Project management team should include, inter alia, a Project coordinator, a procurement specialist, a financial management specialist, a head engineer, environmental and social safeguard specialists, youth inclusion and livelihood specialists, CDD specialists, and social accountability specialists.

3. For purposes of carrying out the youth-related activities under Part 2 of the Project, the Recipient, through PIE, shall ensure a technical support role of the Committee for Youth Affairs and Sports in a consultative capacity and as set forth in the POM.

4. The Recipient shall cause the PIE to carry out the Project in accordance with the Project Manuals, satisfactory to the Association. Except as the Association shall otherwise agree in writing, the Recipient shall cause the PIE not to amend, waive, suspend, or abrogate any of the provisions of the Project Manuals without the Association’s prior written agreement. In case of any inconsistency between any of the provisions of the Project Manuals and those of this Agreement, the provisions of this Agreement shall prevail.

5. The Recipient shall cause the PIE to ensure provision of technical support (i) of the selected TFPs for purposes of carrying out activities under Part 1 of the Project; and (ii) of the selected implementing partners for purposes of carrying out activities under Part 2 of the Project, as set forth in this Agreement and the Project Manuals.

6. The Recipient shall cause the PIE to establish, not later than sixty (60) days after the Effective Date, an automated accounting information system, satisfactory to the Association, for recording Project records and generation of Project financial statements.
B. **Subsidiary Agreement**

1. To facilitate the carrying out of the Project, the Recipient shall make the proceeds of the Financing available to the Project Implementing Entity under a subsidiary agreement between the Recipient and the Project Implementing Entity, under terms and conditions approved by the Association ("Subsidiary Agreement").

2. The Recipient shall exercise its rights under the Subsidiary Agreement in such manner as to protect the interests of the Recipient and the Association and to accomplish the purposes of the Financing. Except as the Association shall otherwise agree, the Recipient shall not assign, amend, abrogate or waive the Subsidiary Agreement or any of its provisions.

C. **Sub-projects**

1. For the implementation of Part 1.1 of the Project, the Recipient shall cause the Project Implementing Entity to make Sub-grants to selected Beneficiaries in accordance with the detailed criteria set forth in the Sub-grants Manual and pursuant to the pertinent Sub-grant Agreement, as well as pursuant to Section C.1 of the Project Agreement.

2. The Recipient shall cause the Project Implementing Entity to exercise its rights and carry out its obligations under each Sub-grant Agreement in such manner as to protect the interests of the Recipient and the Association and to accomplish the purposes of Financing. Except as the Association shall otherwise agree, the Recipient shall cause the Project Implementing Entity to not assign, amend, abrogate, terminate, waive or fail to enforce any Sub-grant Agreement or any of its provisions.

D. **Environmental and Social Standards**

1. The Recipient shall, and shall cause the Project Implementing Entity to, ensure that the Project is carried out in accordance with the Environmental and Social Standards, in a manner acceptable to the Association.

2. Without limitation upon paragraph 1 above, the Recipient shall, and shall cause the Project Implementing Entity to ensure that the Project is implemented in accordance with the Environmental and Social Commitment Plan ("ESCP"), in a manner acceptable to the Association. To this end, the Recipient shall, and shall cause the Project Implementing Entity to, ensure that:

   (a) the measures and actions specified in the ESCP are implemented with due diligence and efficiency, and as further specified in the ESCP;

   (b) sufficient funds are available to cover the costs of implementing the ESCP;
(c) policies, procedures and qualified staff are maintained to enable it to implement the ESCP, as further specified in the ESCP; and

(d) the ESCP or any provision thereof, is not amended, revised or waived, except as the Association shall otherwise agree in writing and the Recipient has, thereafter, disclosed the revised ECSP.

In case of any inconsistencies between the ESCP and the provisions of this Agreement, the provisions of this Agreement shall prevail.

3. The Recipient shall, and shall cause the Project Implementing Entity to:

(a) take all measures necessary on its part to collect, compile, and furnish to the Association through regular reports, with the frequency specified in the ESCP, and promptly in a separate report or reports, if so requested by the Association, information on the status of compliance with the ESCP, all such reports in form and substance acceptable to the Association, setting out, inter alia: (i) the status of implementation of the ESCP; (ii) conditions, if any, which interfere or threaten to interfere with the implementation of the ESCP; and (iii) corrective and preventive measures taken or required to be taken to address such conditions; and

(b) promptly notify the Association of any incident or accident related to or having an impact on the Project which has, or is likely to have, a significant adverse effect on the environment, the affected communities, the public or workers, in accordance with the ESCP, the instruments referenced therein and the Environmental and Social Standards.

4. The Recipient shall, and shall cause the Project Implementing Entity to, maintain and publicize the availability of a grievance mechanism, in form and substance satisfactory to the Association, to hear and determine fairly and in good faith all complaints raised in relation to the Project, and take all measures necessary to implement the determinations made by such mechanism in a manner satisfactory to the Association.

Section II. **Project Monitoring, Reporting and Evaluation**

The Recipient shall cause the PIE to furnish to the Association each Project Report not later than one (1) month after the end of each calendar semester, covering the calendar semester.
Section III. Withdrawal of the Proceeds of the Financing

A. General

Without limitation upon the provisions of Article II of the General Conditions and in accordance with the Disbursement and Financial Information Letter, the Recipient may withdraw the proceeds of the Financing to finance Eligible Expenditures in the amount allocated and, if applicable, up to the percentage set forth against each Category of the following table:

<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 custom taxes, imposts, levies, fees, excise and duties of any nature in effect at the time of each Financing withdrawal)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Goods, works, non-consulting services, Training, Incremental Operating Costs, and consulting services under the Project (except Part 1.1 of the Project)</td>
<td>15,000,000</td>
<td>100%</td>
</tr>
<tr>
<td>(2) Sub-grants under Part 1.1 of the Project</td>
<td>11,800,000</td>
<td>100%</td>
</tr>
<tr>
<td>TOTAL AMOUNT</td>
<td>26,800,000</td>
<td></td>
</tr>
</tbody>
</table>

B. Withdrawal Conditions; Withdrawal Period

1. Notwithstanding the provisions of Part A above, no withdrawal shall be made for payments made prior to the Signature Date.

2. The Closing Date is June 30, 2024.
APPENDIX

Definitions

1. “Anti-Corruption Guidelines” means, for purposes of paragraph 5 of the Appendix to the General Conditions, 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 and as of July 1, 2016.

2. “Beneficiary” means any Jamoat established as a legal entity in the Project Area, which has met the criteria set forth in the Sub-grants Manual to receive a Sub-grant, including the establishment of a JPC through its Jamoat Council; “Beneficiaries” means the plural thereof.

3. “Beneficiary Feedback Mechanism” or “BFM” means a system for obtaining and responding to comments, questions, and grievances from any Project beneficiary, including any grievances made regarding Resettlements.

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

5. “CDD” means community-driven development.


7. “Environmental and Social Commitment Plan” or the acronym “ESCP” means the Project Implementing Entity’s environmental and social commitment plan, acceptable to the Association, dated May 15, 2019, which sets out a summary of the material measures and actions to address the potential environmental and social risks and impacts of the Project, including the timing of the actions and measures, institutional, staffing, training, monitoring and reporting arrangements, and any instruments to be prepared thereunder; as the ESCP may be revised from time to time, with prior written agreement of the Association, and such term includes any annexes or schedules to such plan.


10. “GRM” means Grievance Redress Mechanism as part of the Recipient’s BFM.

11. “Incremental Operating Costs” means the incremental operating expenditures incurred by the Project Implementing Entity, on account of the Project implementation, management, monitoring and evaluation, including salaries of contractual staff (but excluding salaries of officials of the Recipient’s civil service) and the associated Social Charges, office rent, office materials and supplies, utilities, communication costs, transport and vehicle maintenance costs, support for information systems, translation costs, bank charges, and travel and per diem costs of the Project Implementing Entity’s staff and other reasonable expenditures directly associated with the implementation of the Project activities, as well as small administrative budget expenditures incurred by the Beneficiaries in connection with the carrying out of Subprojects, all based on an annual budget acceptable to the Association.

12. “Jamoat” means a self-governance body within the towns and/or villages established pursuant to the Recipient’s Law “On the bodies of self-governance of townships and villages” No. 549 dated August 5, 2009, as amended; “Jamoats” means the plural thereof.


14. “Jamoat Project Commission” or “JPC” means the commission to be established within each Jamoat in the Project Area, with composition and responsibilities as set forth in the Project Manuals.


17. "Project Agreement" means the project agreement for the Project between the PIE and the Association, dated the same date as this Agreement, as such project agreement may be amended from time to time. "Project Agreement" includes all appendices, schedules and agreements supplemental to the Project Agreement.

18. "Project Area" means each of the Vanj, Ishkoshim, and Shugnan districts in Gorno-Badakhshan Autonomous Oblast; and Kulyob, Panj, Hamadoni, and Farkhor districts in Khatlon region on the Recipient's territory, and any other region as agreed between the Recipient and the Association based on the eligibility criteria set forth in this Agreement and the POM; "Project Areas" means the plural thereof.

19. "Project Implementing Entity" means the National Social Investment Fund for Tajikistan, established pursuant to Recipient's Government Regulation No. 67 dated February 27, 2002, or any successor thereto acceptable to the Association.


21. "Project Operational Manual" or "POM" means the manual prepared by the Project Implementing Entity, satisfactory to the Association, and adopted pursuant to Section 5.01 (b) of this Agreement, setting forth rules, methods, guidelines and procedures for carrying out the Project, including, inter alia, (i) detailed description of the Project and institutional arrangements for its implementation; (ii) monitoring, evaluation, reporting, and governance procedures for the Project; (iii) disbursement, financial management, auditing, and safeguard procedures for the Project; (iv) procurement rules and procedures for the Project; (v) the content of the Project's anti-corruption plan; (vi) modalities for documentation and information management; (vii) criteria for verification, in form and substance acceptable to the Association; and (viii) the ESCP, as said manual may be amended from time to time with the agreement of the Association.

22. "Project Steering Committee" or "PSC" means the Recipient’s steering committee to be established pursuant to Section I.A.1 in Schedule 2 to this Agreement.

23. "Resettlement" means: (i) the involuntary (i.e., an action that may be taken without a person’s informed consent or power of choice) taking of land, including anything growing on or permanently affixed to such land, such as buildings and crops, resulting in: (A) relocation or loss of shelter; (B) loss of assets or access to assets; or (C) loss of income sources or means of livelihood, whether or not the affected persons must move to another location; or (ii) the involuntary restriction of access to legally designated parks and protected areas resulting in adverse impacts on the livelihoods of the affected persons, and encompassing restrictions on the use of resources imposed on people living outside a park or protected area, or on those who continue living inside the park or protected area during and after Project implementation.
24. "Signature Date" means the later of the two dates on which the Recipient and the Association signed this Agreement and such definition applies to all references to "the date of the Financing Agreement" in the General Conditions.

25. "Social Charges" means any payments or contributions for health benefits, unemployment benefits, disability insurance, workers' compensation benefits, retirement (pension or social security) benefits, and life insurance, or any other benefits according to the Recipient's legislation.

26. "Sub-grant" means a grant to be made (out of the proceeds of the Financing) available to an eligible Beneficiary, in accordance with the criteria set forth in the Subgrants Manual to finance the cost of any given Sub-project, including the cost of the technical designs for the Sub-project; "Sub-grants" means the plural thereof.

27. "Sub-grant Agreement" means any of the agreements referred to in Section I.C of the Schedule to the Project Agreement.

28. "Sub-grants Manual" means the manual prepared by the Project Implementing Entity, satisfactory to the Association, setting forth rules, methods, guidelines and procedures for carrying out the activities under Part 1.1 of the Project, including, inter alia, the eligibility criteria (including a negative list of activities), detailed rules and procedures for identification, registration and selection of eligible Beneficiaries to receive Sub-grants, as said manual may be amended from time to time with the agreement of the Association.

29. "Sub-project" means any of the investments and/or activities under Part 1.1 of the Project that meet the criteria set forth in the Sub-grants Manual; "Sub-projects" means the plural thereof.

30. "Subsidiary Agreement" means the agreement referred to in Section B of Schedule 2 to this Agreement and Section I.B of the Project Agreement, as the same may be amended from time to time, and such term includes all schedules to the Subsidiary Agreement.

31. "TFP" means a training and facilitating partner hired by the Project Implementing Entity for facilitation of Part 1.2 of the Project under the terms set out in the Operational Manual.

32. "Training" means expenditures (other than those for consulting services) incurred by the Project Implementing Entity in connection with 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 for trainees and trainers and trainers' fees (as applicable), all based on an annual budget satisfactory to the Association.