Food Price Crisis Response Trust Fund
Grant Agreement

(Emergency Food Security and Seed Imports Project)

between

REPUBLIC OF TAJIKISTAN

and

INTERNATIONAL DEVELOPMENT ASSOCIATION,
acting as Trustee of the Food Price Crisis Response Trust Fund

Dated July 17, 2008
FOOD PRICE CRISIS RESPONSE TRUST FUND
GRANT AGREEMENT

AGREEMENT dated July 17, 2008, entered into between the REPUBLIC OF TAJIKISTAN ("Recipient") and the INTERNATIONAL DEVELOPMENT ASSOCIATION ("World Bank"), acting as the Trustee of the Food Price Crisis Response Trust Fund.

The Recipient and the World Bank hereby agree as follows:

WHEREAS: (A) The Government of the Republic of Tajikistan, having satisfied itself as to the feasibility and priority of the Project described in Schedule 1 to this Agreement (the “Project”), has requested the World Bank to assist in the financing of the Project;

(B) With respect to the Memorandum of Understanding ("MOU") to be signed by and between the Republic of Tajikistan and the Food and Agricultural Organization of the United Nations ("FAO"), pursuant to Section 5.01 (b) of this Agreement, the parties signatory to the MOU intend to enter into arrangements conferring on the FAO the role of implementing agency in relation to the Project, and defining the rights and obligations of the parties in relation to the activities;

(C) By Resolution of May 29, 2008, of the Executive Directors of the International Bank for Reconstruction and Development and the International Development Association, the World Bank has established the Food Price Crisis Response Trust Fund ("FPCR") to assist in financing programs in member countries of the World Bank aimed at reducing the negative impact of high food prices on the lives of the poor; and

(D) the International Development Association, acting as trustee of the FPCR, has determined that the Project falls within the purposes of the FPCR and wishes to provide the financial assistance for the Project on the terms and conditions provided for under this Agreement.

The Recipient and the World Bank hereby agree as follows:

Article I
Standard Conditions; Definitions

1.01. The Standard Conditions for Grants Made by the World Bank Out of Various Funds, dated July 20, 2006 ("Standard Conditions"), constitute an integral part of this Agreement.
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 meanings:

“EMP” means the environmental management plan to be prepared by the FAO pursuant to paragraph 4 of Section I of Schedule 2 of this Agreement, satisfactory to the World Bank, and consisting of the set of mitigation, monitoring, and institutional measures to be taken to eliminate adverse environmental and social impacts, offset them, or reduce them to acceptable levels, as well as actions needed to implement these measures, for the Project.

**Article II**

**The Project**

2.01. The Recipient declares its commitment to the objective of the project described in Schedule 1 to this Agreement (“Project”). To this end, the Recipient shall cause the Project to be carried out by the FAO in accordance with the provisions of Article II of the Standard Conditions and the MOU.

2.02. Without limitation upon the provisions of Section 2.01 of this Agreement, and except as the Recipient and the World Bank 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 III**

**The Grant**

3.01. The World Bank agrees to extend to the Recipient, on the terms and conditions set forth or referred to in this Agreement, a grant in an amount equal to five million United States Dollars ($5,000,000) (“Grant”) to assist in financing the Project.

3.02. The Recipient may withdraw the proceeds of the Grant in accordance with Section IV of Schedule 2 to this Agreement.

**Article IV**

**Additional Remedies**

4.01. The Additional Events of Suspension referred to in Section 4.02 (i) of the Standard Conditions consist of the following:

(a) The Recipient has taken or permitted to be taken any action which would prevent or interfere with the performance by the FAO of its obligations under the MOU.
(b) The FAO has failed to perform any obligation under the MOU.

(c) IBRD or IDA has declared the FAO ineligible to be awarded a contract financed by IBRD or IDA.

(d) As a result of events which have occurred after the date of this Agreement, an extraordinary situation has arisen which makes it improbable that the FAO will be able to perform its obligations under the MOU.

(e) The Constitution of the FAO pursuant to which the FAO has been established and is operating has been amended, suspended, abrogated, repealed or waived so as to affect materially and adversely the ability of the FAO to perform any of its obligations under the MOU.

(f) The World Bank has determined, after the Effective Date referred to in Section 5.03 of this Agreement, that prior to such date but after the date of this Agreement, an event has occurred which would have entitled the World Bank to suspend the Recipient’s right to make withdrawals from the Grant Account if this Agreement had been effective on the date such event occurred.

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 have been duly authorized or ratified by all necessary governmental action.

(b) The MOU has been executed on terms and conditions satisfactory to the World Bank.

5.02. As part of the evidence to be furnished pursuant to Section 5.01, there shall be furnished to the World Bank an opinion or opinions satisfactory to the World Bank of counsel acceptable to the World Bank or, if the World Bank so requests, a certificate satisfactory to the World Bank of a competent official of the Member Country, showing: on behalf of the Recipient, that this Agreement has been duly authorized or ratified by, and executed and delivered on its behalf and is legally binding upon it in accordance with its terms.

5.03. Except as the Recipient and the World Bank shall otherwise agree, this Agreement shall enter into effect on the date upon which the World Bank dispatches to the Recipient notice of its acceptance of the evidence required pursuant to Section 5.01
(“Effective Date”). If, before the Effective Date, any event has occurred which would have entitled the World Bank to suspend the right of the Recipient to make withdrawals from the Grant Account if this Agreement had been effective, the World Bank may postpone the dispatch of the notice referred to in this Section until such event (or events) has (or have) ceased to exist.

5.04. **Termination for Failure to Become Effective.** This Agreement and all obligations of the parties under it shall terminate if it has not entered into effect by the date ninety (90) days after the date of this Agreement, unless the World Bank, after consideration of the reasons for the delay, establishes a later date for the purpose of this Section. The World Bank shall promptly notify the Recipient of such later date.

**Article VI**

**Recipient’s Representative; Addresses**

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

6.02. 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

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

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

Cable: Telex: Facsimile:  
INDEVAS 248423 (MCI) or 1-202-477-6391  
Washington, D.C. 64145 (MCI)
AGREED at Dushanbe, Republic of Tajikistan, as of the day and year first above written.

REPUBLIC OF TAJIKISTAN

By: /s/ Safarali Najmuddinov  
Authorized Representative

INTERNATIONAL DEVELOPMENT ASSOCIATION
acting as Trustee of the Food Prices Crisis Trust Fund

By: /s/ Jariya Hoffman  
Authorized Representative
SCHEDULE 1

Project Description

The objective of the Project is to increase domestic food production and reduce the loss of livestock to help at least 28,000 poorest households in a timely manner to reduce the negative impact of high and volatile food prices.

The Project consists of the following parts:

Part A: Support for Agricultural Inputs

Provision and distribution of wheat seeds and fertilizer.

Part B. Improvement of Livestock Health and Husbandry

Provision of fodder and veterinary services.

Part C. Project Management

Provision of support to finance costs of Project management, including audits, training and monitoring and evaluation of the Project.
SCHEDULE 2

Project Execution

Section I. Implementation Arrangements

1. The Recipient shall cause the FAO to carry out the Project in a timely manner in accordance with the MOU and the EMP and apply and implement, as the case may be, the actions, criteria, policies, procedures and arrangements therein set forth; and not amend or waive, or permit to be amended or waived the MOU or the EMP, except with the prior written approval of the World Bank.

2. Not later than one (1) month after the Effective Date, the Recipient shall ensure that the FAO prepares and sends to the World Bank for review an annual work plan and budget for the Project.

3. The Recipient, through the FAO, shall, not later than December 15 of each year during the implementation of the Project, starting December 15, 2008, submit to the World Bank an annual work plan and budget for the following calendar year, and shall agree with the World Bank on activities to be taken under the Project in the following calendar year and the related budget.

4. Not later than two (2) months after the Effective Date, the Recipient shall cause the FAO to prepare an EMP in a manner satisfactory to the World Bank.

Section II. Project Monitoring, Reporting and Evaluation

A. Project Reports; Completion Report

1. 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 agreed with 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 sixty (60) days after the end of the period covered by such report.

2. 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.

B. Financial Management; Financial Reports; Audits

1. The Recipient shall maintain or cause to be maintained, a financial management system, including records and accounts, adequate to reflect the transactions related to the
Activities, in accordance with the policies and procedures of the FAO as referenced in the MOU.

2. The Recipient shall maintain in a separate fund in its records (the Grant Control Account), a complete, true and faithful record of all the advances from the proceeds of the Grant and all of the expenditures assigned to the proceeds.

3. The semiannual progress reports referred to in paragraph A.1 of this Section shall include interim unaudited financial reports, in accordance with accounting standards established by the FAO and referenced in the MOU and in the format agreed with the World Bank, adequate to reflect the operations, resources and expenditures related to the Project. The first said interim unaudited financial reports shall be furnished to the World Bank no later than forty five (45) days after the date of this Agreement, and shall cover the period from the incurrence of the first expenditure under the Grant through the end of such first three-month period; thereafter, each interim unaudited financial report shall be furnished to the World Bank not later than forty five (45) days after each subsequent three-month period, and shall cover the preceding period.

4. The Recipient shall ensure that the audit of the Activities is governed by the policies and procedures of the FAO governing audits as referenced in the MOU.

5. The Recipient shall retain, until at least one (1) year after the World Bank has received the final interim unaudited financial report referred to in paragraph 3 of this Section II.B all records evidencing all expenditures in respect of the Activities.

Section III. Procurement

1. The Recipient shall cause the FAO to carry out procurement of goods, works, and services in accordance with the procurement guidelines and procedures referenced in the MOU and with the same care and diligence in undertaking procurement using its own funds, having due regard to economy and efficiency and the need to uphold the highest standards of integrity in the administration of public funds including the prevention of fraud and corruption.

2. During the implementation of the Project and up to two (2) years after the Project has been completed, the Recipient shall ensure that the FAO retains all documentation with respect to the Project for examination by the World Bank. Upon the World Bank’s reasonable request, the Recipient shall cause the FAO to provide such documentation to the World Bank for its review.

3. In the event that the Recipient, the FAO or the World Bank becomes aware of factors that would indicate that corrupt, fraudulent, collusive or coercive practices were undertaken in relation to the Project, the Recipient, through the FAO in consultation with the World Bank, shall take timely and appropriate action to remedy the situation, in accordance with the established procedures of the FAO referenced in the MOU, and
provide written progress reports to the World Bank regarding the results of the implementation of such appropriate action including, where relevant, details of any writing-off of losses or reprogramming of recovered amounts. In the event that the World Bank reasonably believes that appropriate action has not been taken, the Recipient, through the FAO, and the World Bank shall adopt the process set out in the MOU.

4. For the purposes of this Section, the following definitions shall apply:

(a) “Corrupt practice” means the offering, giving, receiving, or soliciting, directly or indirectly, of anything of value to influence the action of a public official in the procurement process or in the contract execution;

(b) “Fraudulent practice” means a misrepresentation or omission of facts in order to influence a procurement process or the execution of a contract;

(c) “Collusive practices” means a scheme or arrangement between two or more bidders with or without the knowledge of the Recipient, designed to establish bid prices at artificial, non-competitive levels; and

(d) “Coercive practices” means harming or threatening to harm, directly or indirectly, persons, or their property to influence their participation in a procurement process, or affect the execution of a contract.

5. The Recipient shall cause the FAO to ensure that all imported goods to be financed out of the proceeds of the Grant shall be insured against hazards incident to the acquisition, transportation and delivery thereof to the place of use or installation, and that any indemnity for such insurance is payable in a freely usable currency to replace or repair such goods. The Recipient shall cause the FAO to ensure that any facilities relevant to the Project are at all times operated and maintained in accordance with appropriate practices and that any repairs or renewals of such facilities are promptly made as needed.

Section IV. Withdrawal of Grant Proceeds

A. General

1. 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 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 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>Goods, Consultants’ Services, Operating Costs and Training under the Project</td>
<td>5,000,000</td>
<td>100%</td>
</tr>
<tr>
<td>TOTAL AMOUNT</td>
<td>5,000,000</td>
<td></td>
</tr>
</tbody>
</table>

For the purposes of this Schedule:

(a) “Training” means expenditures for 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 and per diem costs of trainees and trainers; and

(b) “Operating Costs” means incremental operating costs incurred by the FAO on account of Project implementation, management and monitoring, including staff salaries, office and equipment maintenance and repair, vehicle maintenance and repair, local travel, communication, translation and interpretation, bank charges, social charges, and other miscellaneous costs directly associated with the Project, all based on periodic budgets acceptable to the World Bank.

B. Withdrawal Conditions; Withdrawal Period

1. Notwithstanding the provisions of Part A of this Section, no withdrawal shall be made for payments made prior to the date of this Agreement.

2. The Closing Date referred to in Section 3.06 (c) of the Standard Conditions is May 1, 2010.