Financing Agreement

(Agricultural Commercialization Project)

between

REPUBLIC OF TAJIKISTAN

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated July 30, 2014
FINANCING AGREEMENT

AGREEMENT dated July 30, 2014, entered into between the REPUBLIC OF TAJIKISTAN ("Recipient") and the 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) 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 in an amount equivalent to fourteen million three hundred thousand Special Drawing Rights (SDR 14,300,000) ("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 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 September 15 and March 15 in each year.

2.05. The Payment Currency is Dollars.
ARTICLE III — PROJECT

3.01. The Recipient declares its commitment to the objective of the Project. To this end, the Recipient shall carry out Components I, II.B and III of the Project through the MOA; Part II.A through MOF, 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 POM, acceptable to the Association, has been jointly adopted by the Recipient’s MOA and MOF.

(b) The Recipient has established AED PMU, assigned to work on implementation of the Project, staffed by civil servants, including the PMU Director, Chief Accountant, other specialized staff, and consultants specifically retained to work on Project implementation and coordinating with the Deputy Minister of Agriculture.

(c) The Recipient has competed installation and adaptation of the IC accounting software to be utilized by AED PMU 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 financial management and disbursement staff.

(d) The Recipient has signed a contract for procurement, installation and adaptation of the IC accounting software that will be utilized by MOF-PMU for project accounting, budgeting and reporting.

(e) The Recipient has recruited a financial management consultant to support the Chief Accountant of the AED PMU and a financial management consultant to support the Chief Accountant of the MOF-PMU in implementation of this Project.
4.02  The Effectiveness Deadline is the date one hundred and fifty (150) 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 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

Facsimile:

(992-372) 213329

5.03.  The Association’s Address is:

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

Cable:  Telex:  Facsimile:

INDEVAS  248423 (MCI)  1-202-477-6391
AGREED at Dushanbe, Republic of Tajikistan, as of the day and year first above written.

REPUBLIC OF TAJIKISTAN

By:  

[Signature]

Authorized Representative

Name: Abdulloev Kurbanov

Title: Ministry of Finance

INTERNATIONAL DEVELOPMENT ASSOCIATION

By:  

[Signature]

Authorized Representative

Name: Marsha Olive

Title: Country Manager
SCHEDULE 1

Project Description

The objective of the Project is to increase the commercialization of farm and agri-business products, by improving the performance of selected value chains and productive partnerships through increased access to finance and strengthened capacity of Project beneficiaries.

The Project consists of the following components:

Component I: **Improvement of Technical Knowledge and Skills in Support of Commercialization**

Improving of technical knowledge and skills of participants in key agricultural value chains and productive partnerships by:

A. Supporting building value chains and productive partnerships under the Project, by providing research and improvement of technical knowledge and skills of Project beneficiaries on a variety of agriculture-related subjects, and assistance in identifying and pursuing market opportunities. Provision of advisory services and training by a reputable consulting firm with relevant expertise acceptable to the Association, to assist with value chain development activities under Component I, II.B and III of the Project.

B. Providing Training and advisory services at the producer level. Establishing a network of demonstration plots, to conduct comparisons and testing between various agricultural production practices, and supporting participation of farmer groups in trade fairs and other events.

C. Providing Training and advisory services for agro processors and agribusiness enterprises on a variety of subjects related to their business operations. Providing Training on issues relating to child and forced labor. Supporting attendance at trade fairs and providing mentoring services.

Component II: **Access to Finance for Agribusiness Enterprises and Small-Scale Commercial Farms**

Enhancing access to medium and long-term finance for agribusiness enterprises and small-scale commercial farms by:

A. Establishing and operating of a credit line facility through PFLs to support: (a) medium-term loans and leases for investment for financing
modern technological plant and equipment; and (b) value chain financing products and value chain and productive linkage support.

B. Providing Commercialization Grants to support investment and input needs by smaller farmers in producer groups or productive partnerships unable to qualify for a commercial loan.

C. Supporting the value chain development by providing capacity building of the PFIs related to new financial products in lending for value chain and productive partnership development activities, accessing suitability and effectiveness of new financial products, and on mitigation of the related risks. Providing Training to the PFIs on environmental and social safeguard issues.

Component III: Institutional Capacity Building and Project Management

Strengthening the critical elements of the institutional framework and agricultural sector’s academic knowledge base required to support commercial activity by:

A. Supporting curriculum modernization of the Tajikistan Agrarian University.

B. Supporting expansion of the farmer training programs at the agricultural colleges through updating of curricula and teaching materials, in conjunction with curriculum modernization under Component III.A above; upgrading equipment and upgrading of facilities of the Agricultural Colleges.

C. Improving market information systems for farmers and agribusinesses by: (i) supporting the establishment of a public-private partnership between the Tajikistan National Statistics Agency, other relevant state agencies and private service providers on facilitating delivery of commercial market information; and (ii) providing related technical assistance to the Tajikistan National Statistics Agency, other relevant state agencies and private service providers.

D. Strengthening the MOA’s capacity for policy and regulatory reform in the field of agriculture by funding selected studies on critical issues concerning agricultural commercialization.

E. Supporting the AED PMU and MOF-PMU for the effective implementation of the Project, through provision of goods, works, consultants’ services, audit, Training and Operating Costs, for purposes of Project management and implementation, including monitoring and evaluation.
F. Establishing and maintaining for the duration of the Project, the Grievance Redress Mechanism.
SCHEDULE 2

Project Execution

Section I. Implementation Arrangements

A. Institutional Arrangements

1. The Recipient shall carry out the Project in accordance with the requirements, criteria, organizational arrangements and operational procedures set forth in the POM and the EMF and shall not amend, suspend, abrogate or waive any provisions of the POM or the EMF without prior written approval of the World Bank.

2. The Recipient shall, until completion of the Project, maintain the AED PMU and MOF-PMU and shall ensure that the AED PMU and MOF-PMU are adequately staffed by personnel and consultants with qualifications and under terms of reference and functions, at all times, in accordance with procedures necessary and appropriate for the carrying out of the Project, and acceptable to the Association.

3. The Recipient shall, within 45 days of Effectiveness, install and adopt the IC accounting software for project accounting, budgeting and reporting within MOF-PMU, and ensure that the MOF-PMU’s accounting staff and Financial Management consultant are fully trained on the adopted program.

4. The Recipient shall, within 90 days of Effectiveness, establish and thereafter maintain, a Steering Committee to provide strategic guidance for Project implementation. The Steering Committee, the mechanism and structure of which is to be agreed upon by the Recipient and the Association, may include representatives of the Prime Minister’s Office, MOA, MOF, Ministry of Economic Development and Trade, Ministry of Education, National Bank of Tajikistan and private sector representatives.

5. The Recipient shall, within 150 days of Effectiveness, in consultation with the Project stakeholders and Project Beneficiaries, establish and maintain a Grievance Redress Mechanism, in accordance with procedures and guidelines set forth in the POM, and acceptable to the Association.

6. For the duration of the Project, Recipient shall establish and maintain an Evaluation Committee for the purpose of appraising and evaluating Sub-projects eligible for Commercialization Grants under Component II.B of the Project, in accordance with the criteria set forth in the POM. Membership and composition of the Evaluation Committee shall be acceptable to the Association, and shall
include a representative of the consulting firm retained under Component I of the Project.

B. Anti-Corruption

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

C. Eligibility Criteria and Procedures for Provision of Line of Credit under Component II.A of the Project

1. For the purposes of Component II.A of the Project, the Recipient shall ensure that eligible PFIs are selected, and Subsidiary Loans and Sub-loans are made in accordance with the criteria and procedures set forth in the Line of Credit Operational Manual and on terms and conditions referred to in this Section of this Agreement. Such criteria shall include, without limitation, the requirements that eligible PFIs: (a) be at least 75% privately owned; and (b) comply with national banking law, accounting practices and prudential norms and regulations and maintain sound lending policies and procedures.

2. The Recipient shall make Subsidiary Loans to eligible PFIs under Subsidiary Loan Agreements to be entered into between the Recipient and each eligible PFI. Except as the Association shall otherwise agree, the Recipient shall not assign, amend, abrogate or waive the Subsidiary Loan Agreement or any of its provisions. Such terms and conditions shall include, without limitation, the following:

   (a) The Recipient shall exercise its rights under each Subsidiary Loan Agreement in such manner as to protect the interest of the Recipient and the Association and to accomplish the purposes of the Project, and perform its obligations in accordance with the provisions of the Anti-Corruption Guidelines applicable to recipients of financing proceeds other than the Recipient.

   (b) The Subsidiary Loans to eligible PFIs shall be made available in Somonis and/or U.S. Dollars. The Subsidiary Loans shall carry a five year maturity, including a four year and ten months grace period, which can be extended upon the eligible PFIs meeting the performance conditions, acceptable to the Association.

   (c) Unless the Recipient and the Association shall otherwise agree: (i) the interest rate on the Subsidiary Loans denominated in Somonis shall be the refinancing rate set forth by the National Bank of Tajikistan; (ii) the interest rate on the Subsidiary Loans denominated in U.S. Dollars shall be six months LIBOR plus a minimum of 3% margin. These interest
rates shall be revised semi-annually in accordance with the provisions stipulated in the Line of Credit Operational Manual.

(d) The PFIs shall set their own interest rates and repayment terms to Sub-borrowers based on their individual financing considerations.

(e) The PFIs shall carry out appraisal of Sub-projects and Sub-borrowers based on the agreed criteria, and will bear the full risk of loan repayment. Appraisal of Sub-projects shall include: (i) environmental screening of the proposed activities and determining what type of the environmental impact assessment has to be carried out by the Sub-borrower; (ii) screening of Sub-projects proposals and Sub-borrowers to ensure compliance with national laws and regulations on child and forced labor.

(f) Each eligible PFI shall be required to co-finance Sub-loans with maturities of up to two years in the amount of 20% of the Sub-loan.

(g) The Recipient, through MOF-PMU, shall obtain the Association’s prior review and approval of: (a) the first three Sub-loans, irrespective of the amount of the Sub-loan; and (b) all Sub-loans in an amount exceeding USD150,000 equivalent.

3. The Recipient shall obtain rights adequate to protect its interests and those of the Association, including the right to: (i) suspend or terminate the right of the PFI to use the proceeds of the Subsidiary Loan, or obtain a refund of all or any part of the amount of the Subsidiary Loan then withdrawn, upon the PFI’s failure to perform any of its obligations under the Subsidiary Loan Agreement; and (ii) require each Sub-borrowers under the respective Sub-Loan Agreement to perform obligations set forth in paragraph 7 of this Section.

4. Eligible Sub-projects under Component II.A of the Project shall include: (i) investment and working capital in support of improved capacity of farmers, processors and traders to respond to market opportunities domestically and in export markets; (ii) increased access to new technologies, plant and machinery; and (iii) innovative financial products, to support value chain/productive partnership development.

5. Sub-loans shall not finance (a) any non-eligible activities or expenditures listed in the Line of Credit Operational Manual; (b) any Sub-projects requiring land acquisition or resettlement; and (c) any Sub-project relating to cotton production.

6. Following the execution of the Subsidiary Loan Agreement, each PFI shall enter into a Sub-loan Agreement with each of the Sub-borrowers under Component II.A of the Project, which will comply with the terms and conditions set forth in
the Line of Credit Operational Manual, and which will include the following terms conditions, without limitation:

(a) The Sub-borrower shall ensure that Sub-loan funds are used exclusively for the purposes specified in Paragraph 4 above and in the Line of Credit Operational Manual.

(b) The maximum amount of Sub-loan made available to an individual Sub-borrower does not exceed USD400,000 equivalent, with the maximum ceiling established at USD1,000,000 equivalent per value chain (including all Sub-borrowers within one value chain).

(c) The Sub-borrower shall provide no less than 20% of the total cost of the Sub-project.

(d) The Sub-borrower shall comply with national legislation on child and forced labor.

(e) Sub-borrowers shall carry out environmental impact assessments and prepare EMPs when necessary, both in accordance with the EMF, and shall carry out Sub-projects in accordance with the respective EMP.

(f) Sub-borrowers shall: (A) carry out its Sub-project with due diligence and efficiency and in accordance with sound technical, economic, financial, managerial, environmental, health and social standards and practices satisfactory to the Association, including in accordance with the provisions of the Anti-Corruption Guidelines and national labor legislation; (B) provide, promptly as needed, the resources required for the purpose; (C) procure the goods, works and services to be financed out of the Sub-loan in accordance with the provisions of this Agreement and the Line of Credit Operational Manual; (D) maintain policies and procedures adequate to enable it to monitor and evaluate in accordance with indicators acceptable to the Association, the progress of the Sub-project and the achievement of its objectives; (E) (1) maintain a financial management system and prepare financial statements in accordance with consistently applied accounting standards acceptable to the Association, both in a manner adequate to reflect the operations, resources and expenditures related to the Sub-project; and (2) maintain financial records and be able to promptly report on the financial issues pertaining to the Sub-borrowers relating to the Sub-project; (F) enable the Recipient and the Association to inspect the Sub-project site, its operation and any relevant records and documents; and (G) prepare and furnish to the Recipient and the Association all such information as the Recipient or the Association shall reasonably request relating to the foregoing.
D. Eligibility Criteria and Procedures for Provision of Commercialization Grants under Component II.B of the Project

1. For the purpose of carrying out Component II.B of the Project, the Recipient, through the MOA, shall make Commercialization Grants to Grant Beneficiaries in accordance with eligibility criteria and procedures acceptable to the Association, which shall include the following:

   (a) The Commercialization Grant(s) shall be denominated in Somonis and/or US Dollars.

   (b) The Commercialization Grants for financing Sub-projects under Component II. B of the Project shall be:

      (i) made available to farmers working in producer groups or productive partnerships, as the Recipient and the Association may agree, subject to the eligibility criteria set forth in the Operational Manual; and

      (ii) used to finance Sub-projects which meet eligibility criteria acceptable to the Association as set forth in the POM.

   (c) The Evaluation Committee shall appraise and evaluate Sub-projects proposals in accordance with the criteria set forth in the Operational Manual including the following: (i) the extent to which the Grant Beneficiary will become a player in a value chain/productive relationship, improve market access and add value; (ii) the expected market demand for farmer produce; (iii) potential replicability by other small rural businesses; and (iv) the technical, financial and environmental sustainability of the proposed grant project.

   (d) Commercialization Grants shall not finance: (i) any non-eligible activities or expenditures listed in the Operational Manual; (ii) any Sub-projects requiring land acquisition or resettlement; and (iii) any Sub-project relating to cotton production.

   The amount of individual grants shall be based upon the estimated cost of goods, works, services and Training that will be required for the Sub-project, and shall not exceed $35,000 per Grant Beneficiary.

2. The Recipient shall make each Commercialization Grant under an Commercialization Grant Agreement with the respective Grant Beneficiary on terms and conditions approved by the Association, which shall include the following:
(a) The Grant Beneficiary shall ensure that Commercialization Grant funds are used exclusively for the purposes specified for the Sub-projects approved by the Evaluation Committee.

(b) The Grant Beneficiary shall provide no less than 20% of the total cost of the Sub-project, and no less than 30% of the total cost of the tractors, if any are acquired from the Commercialization Grant funds.

(c) The Grant Beneficiary shall comply with national legislation on child and forced labor.

(d) The Recipient shall obtain rights adequate to protect its interests and those of the Association, including the right to: (i) suspend or terminate the right of the Grant Beneficiary to use the proceeds of the Commercialization Grant, or obtain a refund of all or any part of the amount of the Commercialization Grant then withdrawn, upon the Grant Beneficiary’s failure to perform any of its obligations under the Commercialization Grant Agreement; and (ii) require each Beneficiary to: (A) carry out its Sub-project with due diligence and efficiency and in accordance with sound technical, economic, financial, managerial, environmental, health and social standards and practices satisfactory to the Association, including in accordance with the provisions of the Anti-Corruption Guidelines and national labor laws; (B) provide, promptly as needed, the resources required for the purpose; (C) procure the goods, works and services to be financed out of the Commercialization Grant in accordance with the provisions of this Agreement and the POM; (D) maintain policies and procedures adequate to enable it to monitor and evaluate in accordance with indicators acceptable to the Association, the progress of the Sub-project and the achievement of its objectives; (E) maintain financial records and be able to promptly report on the financial issues pertaining to the activities of the Grant Beneficiary relating to the Sub-project; (F) enable the Recipient and the Association to inspect the Sub-project site, its operation and any relevant records and documents; and (G) prepare and furnish to the Recipient and the Association all such information as the Recipient or the Association shall reasonably request relating to the foregoing.

(e) The Recipient shall exercise its rights under each Commercialization Grant Agreement in such manner as to protect the interests of the Recipient and the Association and to accomplish the purposes of the Commercialization Grant. Except as the Association shall otherwise agree, the Recipient shall not assign, amend, abrogate or waive any Commercialization Grant Agreement or any of its provisions.
E. Safeguards

1. The Recipient, through the MOA:

(a) shall ensure that the Project is implemented in compliance with applicable national legislation on child and forced labor, including ensuring such compliance by the PFIs, Sub-borrowers and Grant Beneficiaries;

(b) shall prepare, prior to commencement of any works under Component II of the Project, the Sub-project-specific EMP, and, where required, PMP, in accordance with the EMF (including the requirement of consultation and disclosure). The first three of the Sub-Project-specific EMPs, and, where required, PMPs, shall be subject to prior review by the Association;

(c) shall prepare, prior to the commencement of any works under Component III.B of the Project, the site-specific EMP, in accordance with the EMF (including the requirement of consultation and disclosure). The EMP(s) will be subject to a prior review by the Association; and

(d) shall carry out Component III.B of the Project in accordance with the respective EAs and associated EMP and PMP.

2. The Recipient shall not undertake any Project activities that involve land acquisition or resettlement of people or loss of assets or income.

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 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 45 days after the end of the period covered by such report.

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. Without limitation on the provisions of Part A of this Section, the Recipient shall prepare and furnish to the Association not later than 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. 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 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, subject to the additional provisions set forth in the Annex to this Schedule 2.
(b) Shopping;
(c) Direct contracting;
(d) Procurement from United Nations Agencies; and
(e) Procurement in Loans to Financial Intermediary Institutions and Entities.

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) Least Cost Selection; (c) Selection based on Consultants' Qualifications; (d) Selection under a Fixed Budget; (e) Single-source Selection; and (f) Selection of Individual Consultants; (g) Selection of UN Agencies following Para 3.15 of Consultant Guidelines; and Selection of Consultants in Loans to Financial Intermediary Institutions and Entities following Para 3.13 of Consultant Guidelines

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 (exclusive of VAT and customs taxes) 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 allocations of the
amounts of the Financing 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, excise and customs taxes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Sub-loans under Component II.A of the Project</td>
<td>5,240,000</td>
<td>100% of the approved Sub-loans with the maturity of two (2) years or more, 80% of the approved Sub-loans with the maturity less than two (2) years</td>
</tr>
<tr>
<td>(2) Commercialization Grants under Component II.B of the Project</td>
<td>1,940,000</td>
<td>80%</td>
</tr>
<tr>
<td>(3) Goods, works, Operating Costs, Training, non-consulting services, and consultants' services for the Project</td>
<td>5,690,000</td>
<td>100%</td>
</tr>
<tr>
<td>(4) Unallocated costs</td>
<td>1,430,000</td>
<td></td>
</tr>
<tr>
<td><strong>TOTAL AMOUNT</strong></td>
<td><strong>14,300,000</strong></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;

   (b) in respect to a particular Sub-loan under Category 1, unless: (i) the Line of Credit Operational Manual is adopted, in a form satisfactory to the Association; (ii) Subsidiary Loan Agreements are executed with the eligible PFIs; (iii) a contract is signed for retention of a Credit Specialist
to assist PFI s with execution of Component II.A of the Project; (iv) an FM specialist to support the accountant of the MOF-PMU is retained; and

(c) in respect to a particular Commercialization Grant under Category 2, unless the Recipient: (i) has signed a contract with a reputable consulting and training firm, with qualifications and experience satisfactory to the Association, recruited under Component I of the Project; and (ii) established an Evaluation Committee.

2. The Closing Date is June 30, 2021.
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

1. “AED PMU” means the State Entity Project Implementation Unit for Agriculture Entrepreneurship Development Project Implementation Unit, established by the Presidential Decree and assigned to work on implementation of the Project Components I, II.B, and III, staffed by civil servants including the Project Director, Project Coordinator, accountant and other specialized staff, and consultants that may be specifically retained to work on Project implementation.


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

4. “Commercialization Grant” means a Commercialization Grant under Component II.B of the Project out of the proceeds of the Financing.

5. “Commercialization Grant Agreement” means an agreement entered between the Recipient and each Grant Beneficiary for the provision of Commercialization Grants for financing Sub-Projects under Component II.B of the Project, as the same may be amended from time to time.


7. “EAs” means the site-specific environmental assessments, including associated site-specific EMPs, to be prepared and adopted by the Recipient pursuant to the EMF and Schedule 2, Section I(E) of this Agreement, and satisfactory to the Association, in respect of works to be undertaken under Subcomponent III(B) of 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 an environmental and social baseline for each site, details of the relevant environmental legislative framework, 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; and “EA” refers to one of the above-referenced EAs.
8. "EMF" means the environmental management framework, dated March 4, 2014 prepared and adopted by the Recipient, published in Tajikistan on March 14, 2014, and disclosed in the World Bank’s Infoshop on March 14, 2014, referred to in Schedule 2, Section I(E) of this Agreement, and satisfactory to the Association, describing the rules, guidelines and procedures to assess environmental impacts of the Project’s activities and defining measures to reduce, mitigate or offset adverse environmental impacts and enhance the positive impacts of the Project’s activities, including a section on pest management-related risks and mitigation measures, as the same shall be amended from time to time with the prior approval of the Association.

9. “Environmental Management Plans” or “EMPs” means the site-specific or Sub-project specific documents, contained in each site-specific EA, to be prepared and adopted by the Recipient pursuant to the EMF and Schedule 2, Section I(E) of this Agreement, and satisfactory 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, as the same may be amended and supplemented from time to time with the Association’s prior written approval; and “EMP” refers to one of the above-referenced EMPs.

10. “Evaluation Committee” means an advisory and grant approval committee established in accordance with the provision of Section I(A) of Schedule 2 of this Agreement.


12. “Grant Beneficiary” means groups and partnerships of individual farmers working in producer groups or productive partnerships which, upon meeting the criteria set forth in the POM, are eligible to receive a Commercialization Grant for the carrying out of the Sub-Project.

13. “Grievance Redress Mechanism” means the system aimed to receive grievances occurrence of which might be associated with the Project activities, including but not limited, to on alleged child and forced labor, to be established under the AED PMU and to be carried out in accordance with the terms set forth in the POM.

14. “Line of Credit Operational Manual” means the set of rules and regulations, acceptable to the Association, adopted by the Recipient for the implementation of Component II.A of the Project, as the same may be amended from time to time with the agreement of the Association.

15. MOA means the Recipient’s Ministry of Agriculture or any successor thereto.

16. MOF means the Recipient’s Ministry of Finance or any successor thereto.
17. "MOF-PMU" means the Project Management Unit established within MOF assigned to work on implementation of the Project Component II.A, comprising of civil servants including the Project Coordinator, and other specialized staff, and consultants that may be specifically retained to work on Project implementation.

18. "Operating Costs" means operating costs incurred by the AED PMU and MOF-PMU, as appropriate, on account of Project implementation, management and monitoring, including salaries of AED PMU and MOF-PMU staff who are not civil servants, office and equipment maintenance and repair, vehicle maintenance and repair, local travel, communication, translation and interpretation, bank charges, social charges, audits, and other miscellaneous costs; and all based on semi-annual budgets acceptable to the Association.

19. "PFI" means a participating and prequalified commercial banking sector or microfinance institution which meets the criteria set forth in the Line of Credit Operational Manual, selected for the provision of Sub-loans under Component II.A of the Project. PFIs mean a group of such institutions collectively.

20. "PMP" means the pest management plan, satisfactory to the Association and adopted by the Recipient and submitted to the Association on March 14, 2014, setting forth the recommendations on the introduction of environmentally sustainable pest management practices aimed at minimizing potential adverse impacts on human health and the environment associated with pest control and the use of pesticides, from which the Recipient has identified interventions supported by the Project.


22. "Procurement Plan" means the Recipient’s procurement plan for the Project, dated April 22, 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.

23. "Project Operational Manual" or “POM” means the manual, adopted by the Recipient, pursuant to Article IV of this Agreement, and satisfactory to the Association, setting forth the operational and administrative responsibilities, procedures and rules for the implementation of the Project, including a manual of financial procedures, consistent with the provisions of this Agreement and with the national laws and regulations of the Recipient, as the same may be amended and supplemented from time to time with the World Bank’s prior written approval.
24. "Sub-borrower" means an individual or legal entity engaged in eligible agricultural activities who is a recipient of a Sub-loan under Component II.A of the Project.

25. "Sub-loan" means a loan or lease made or proposed to be made by the PFI to the Sub-borrowers under Component II.A of the Project, in accordance with the Line of Credit Operational Manual, for the purpose of financing costs for carrying out of a Sub-project.

26. "Sub-loan Agreement" means an agreement entered into between a PFI and a Sub-borrower under Component II.A of the Project, for the purpose of financing, in part or in full, as the case may be, expenditures of a Sub-project.

27. "Sub-project" means either: (i) a specific project or activity to be carried out by the Sub-borrower, utilizing, in part or in full, as the case may be, the proceeds of the Sub-loan under Component II.A of the Project, or (ii) a specific project or activity to be carried out by the Grant Beneficiary, utilizing, in part or in full, as the case may be, the proceeds of the Commercialization Grant under Component II.B of the Project.

28. "Subsidiary Loan" means a loan provided by the Recipient to a selected eligible PFI, in accordance with the terms and conditions of the respective Subsidiary Loan Agreement.

29. "Subsidiary Loan Agreement" means an agreement between the Recipient and the respective PFI for the purpose of implementation of Component II.A of the Project.

30. "Tajikistan Agrarian University" means Tajikistan Agrarian University named Shirinsho Shotemur.

31. "Tajikistan National Statistics Agency" means the state Agency of Statistics under the authority of the President of the Republic of Tajikistan.

32. "Training" means expenditures for the Project related to 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, all based on semi-annual budgets acceptable to the Association.