

CONFORMED COPY

GRANT NUMBER H569-TJ

Financing Agreement

(Additional Financing For Education Modernization Project)

between

REPUBLIC OF TAJIKISTAN

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated June 25, 2010

GRANT NUMBER H569-TJ

FINANCING AGREEMENT

Agreement dated June 25, 2010, entered into between the REPUBLIC OF TAJIKISTAN (“Recipient”) and INTERNATIONAL DEVELOPMENT ASSOCIATION (“Association”) for the purpose of providing additional financing for activities related to the Original Project (as defined in the Appendix to this Agreement). 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 one million four hundred thousand Special Drawing Rights (SDR 1,400,000) (“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 March 15 and September 15 in each year.
- 2.05. The Payment Currency is Dollars.

ARTICLE III - PROJECT

- 3.01. The Recipient declares its commitment to the objectives of the Project. To this end, the Recipient shall carry out Part B.3 of the Project through MoE 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 Recipient has adopted the Project Operational Manual for the Project in form and substance satisfactory to the Association.
- 4.02. The Effectiveness Deadline is the date ninety (90) days after the date of this Agreement.
- 4.03. For the 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 in twenty (20) years after the date of this Agreement.

ARTICLE V - REPRESENTATIVE; ADDRESSES

- 5.01. The Recipient's Representative is the Minister of Finance.
- 5.02. The Recipient's Address is:

Ministry of Finance
3 Akademikov Rajabovikh Ave.
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 Washington, D.C.	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 /s/ Safarali Najmiddinov

Authorized Representative

INTERNATIONAL DEVELOPMENT ASSOCIATION

By /s/ Chiara Bronchi

Authorized Representative

SCHEDULE 1

Project Description

The objective of the Project is to assist the Recipient to set the stage for change at the national level while improving learning conditions and school enrollment and completion through Grade 5 in selected districts.

The Project consists of the Original Project, with modifications as set forth below:

1. The Original Project's objective, as set forth in Schedule 2 to the Original Financing Agreement, is amended in the following manner to read consistently with the objective of this Project:

“The objective of the Project is to assist the Recipient to set the stage for change at the national level while improving learning conditions and school enrollment and completion through Grade 5 in selected districts.”

2. Part B.3 of Schedule 2 to said Original Financing Agreement is amended to read as follows:

“3. Provision of goods, works and services for the construction of a National Testing Centre (NTC), including provision of equipment and goods to support the operation of said NTC, as well as provision of consultants' services and training to staff of NTC to improve student assessment systems, and to promote participation of the school communities through local data collection in the selected districts.”

SCHEDULE 2

Project Execution

Section I. Implementation Arrangements

A. Institutional Arrangements and Implementation Covenants

1. The Recipient, through MoE, shall implement Part B.3 of the Project in accordance with the provisions of the Operational Manual.
2. The Recipient, through MoE, shall not amend, suspend, abrogate, repeal or waive any provisions of the Project Operational Manual, without prior approval of the Association.

B. Anti-Corruption

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

C. Safeguards

1. Prior to the commencement of any works under the Project, the Recipient shall prepare an EMP in a manner satisfactory to the Association.
2. The Recipient, through MoE, shall: (i) upon development of the design for the NTC to be constructed under Part B.3 of the Project, prepare and adopt an EMP for the works to be carried out under said Part B. 3, and submit the EMP to the Association for its review and approval; (ii) carry out the Project in accordance with provisions of the EMP and shall not amend, suspend, abrogate, repeal or waive any provisions of the EMP, without prior approval of the Association; and (iii) include adequate information on the implementation of the EMP in the Project Reports referred to in Section II.A of this Schedule.
3. The Recipient, through MoE, shall ensure that all measures identified and described in the EMP are taken in a timely manner while carrying out works under Part B.3 of the Project.

Section II. Project Monitoring, Reporting and Evaluation

A. Project Reports

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 agreed with the Association. Each Project Report shall cover the period of one calendar quarter, and shall be furnished to the Association not later than forty five (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 as part of the Project Report not later than forty five (45) days after the end of each calendar quarter, interim unaudited financial reports for the Project covering the quarter, in form and substance satisfactory 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 (6) months after the end of such period.

Section III. Procurement

A. General

1. **Goods and Works.** All goods and works 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 the Procurement Guidelines, or Consultant Guidelines, as the case may be.

B. Particular Methods of Procurement of Goods and Works

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

2. **Other Methods of Procurement of Goods and Works.** The following table specifies the methods of procurement, other than International Competitive Bidding, which may be used for goods and works. The Procurement Plan shall specify the circumstances under which such methods may be used:

Procurement Method
(a) National Competitive Bidding for goods and works, subject to the additional provisions set forth in the Annex to this Schedule 2
(b) Shopping
(c) Direct Contracting

C. Particular Methods of Procurement of Consultants' Services

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

2. **Other Methods of Procurement of Consultants' Services.** The following table specifies methods of procurement, other than Quality and Cost-based Selection, which may be used for consultants' services. The Procurement Plan shall specify the circumstances under which such methods may be used.

Procurement Method
(a) Least Cost Selection
(b) Individual Consultants

D. Review by the Association of Procurement Decisions

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

Section IV. Withdrawal of the Proceeds of the Financing

A. General

1. The Recipient may withdraw the proceeds of the Financing in accordance with the provisions of Article II of the General Conditions, this Section, and such additional

instructions as the Association shall specify by notice to the Recipient (including the “World Bank Disbursement Guidelines for Projects” dated May 2006, as revised from time to time by the Association and as made applicable to this Agreement pursuant to such instructions), to finance Eligible Expenditures as set forth in the table in paragraph 2 below.

2. The following table specifies the categories of Eligible Expenditures that may be financed out of the proceeds of the Financing (“Category”), the allocations of the amounts of the Financing to each Category, and the percentage of expenditures to be financed for Eligible Expenditures in each Category:

Category	Amount of the Grant Allocated (expressed in SDR)	Percentage of Expenditures to be Financed
(1) Works for Part B.3 of the Project	900,000	100%
(2) Goods and consultants’ services for Part B.3 of the Project	450,000	100%
(3) Operating costs	50,000	
TOTAL AMOUNT	<u>1,400,000</u>	

For the purposes of this Schedule, the term “operating costs” means incremental operating expenditures incurred by the Recipient, through MoE, on account of Project implementation, management, monitoring and evaluation, salaries of contractual staff, office rent, office maintenance, office repairs, communication costs, support for information systems, translation costs, bank charges, and travel and per diem costs of MoE’s staff involved in the implementation of the Project, including other reasonable expenditures directly associated with the implementation of the Project, as may be agreed upon by the Association, all based on an annual budget acceptable to the Association, but excluding salaries of officials of the Recipient’s civil service.

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; and

(b) under Category 1 for Project activities relating to Part B.3 of the Project, until the Recipient, through MoE, shall have prepared, disclosed and furnished to the Association, and to the satisfaction of the Association, the Environmental Management Plan in respect of works to be undertaken by the Recipient.

2. The Closing Date is July 31, 2013.

**ANNEX
to
SCHEDULE 2**

National competitive bidding procedures of the Recipient may be used for procurement of works under the Project provided that the following provisions are complied with:

1. Works, for which this Agreement allows procurement under paragraphs 3.3 and 3.4 of the Procurement Guidelines, shall be procured in accordance with the provisions of the Law of the Republic of Tajikistan “On Public Procurement of Goods, Works and Services”, dated March 3, 2006 (“the Law”). These provisions, in order to ensure economy, efficiency, transparency, and broad consistency with the provisions included in Section I of the Guidelines (as required by paragraphs. 3.3 of the Guidelines), shall be applied as set forth in the following paragraphs.

Entity responsible for carrying out the procurement

2. The procurement shall be carried out by the “procuring entity” as defined in Article 9 of the Law, without any involvement of the Authorized Body on Public Procurement (i.e. in accordance with Article 3 of the Law).

Participation in bidding

3. Government-owned enterprises in Tajikistan shall be eligible to participate in bidding only if they can establish that they are legally and financially autonomous, operate under commercial law, and are not a dependent agency of the procuring entity (as defined in the Law).

4. Foreign bidders shall be eligible to participate in bidding under the same conditions as local bidders. In particular, no domestic preference over foreign shall be granted to local bidders in bid evaluation.

Advertising: time for bid preparation

5. Invitations to bid shall be advertised in at least one (1) widely circulated national newspaper, allowing a minimum of thirty (30) days for the preparation and submission of bids.

Standard bidding documents

6. Until a modified version of the Recipient’s standard bidding documents has been approved by the Association, the Association’s sample NCB bidding documents for the Europe and Central Asia Region shall be used.

Qualification criteria and evaluation criteria

7. Qualification criteria shall be clearly specified in the bidding documents, and criteria so specified, and only criteria so specified, shall be used to determine whether a bidder is qualified. Bids of bidders not meeting such criteria shall be rejected as non-qualified. Qualifications of a bidder found to meet the specified qualification criteria shall not be taken into account in the evaluation of such a bidder's bid.

8. Evaluation criteria shall be clearly specified in the bidding documents, and evaluation criteria other than price shall be quantified in monetary terms. Evaluation criteria so specified, and only criteria so specified, shall be used in bid evaluation. Merit points shall not be used in bid evaluation.

Bid security

9. For the procurement of goods and works, bidders shall be required to submit a bid security in the amount and in the form specified in the bidding documents, unless otherwise agreed with the Association. A bid security in the form of an advance bank transfer shall not be allowed.

Bid submission and bid opening

10. Bids may be delivered by mail or by hand. Bids shall be opened immediately after the deadline for bid submission in the presence of the bidders who wish to attend. Said deadline and the place of bid opening shall be announced in the invitation to bid. The name of each bidder and the amount of its bid, shall be read aloud and recorded when opened in the minutes of bid opening. The minutes of bid opening shall be signed by the members of the bidding committee immediately after bid opening.

11. Bids received after the deadline for bid submissions shall be returned to the bidders unopened.

Bid evaluation and award of contracts

12. 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 successful bidder is notified of the award.

13. A bid containing material deviations from or reservations to the terms, conditions and specifications of the bidding documents shall be rejected as not substantially responsive. A bidder shall not be permitted to withdraw material deviations or reservations once bids have been opened.

14. Evaluation of bids shall be made in strict adherence to the criteria specified in the bidding documents, and contracts should be awarded to the qualified bidder offering the lowest evaluated and substantially responsive bid.

15. 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.

16. There shall be no post-bidding negotiations between the purchaser and the lowest or any other bidder.

APPENDIX**Section I. Definitions**

1. “Anti-Corruption Guidelines” means the “Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants”, dated October 15, 2006.
2. “Category” means a category set forth in the table in Section IV of Schedule 2 to this Agreement.
3. “Consultant Guidelines” means the “Guidelines: Selection and Employment of Consultants by World Bank Borrowers” published by the Bank in May 2004 and revised in October 2006.
4. “Environmental Management Plan” or “EMP” means the environmental management plan prepared by the Recipient and satisfactory to the Association in respect of works to be undertaken by the Recipient under the Project, as the same may be amended and supplemented from time to time with the Association’s prior written approval.
5. “General Conditions” means the “International Development Association General Conditions for Credits and Grants”, dated July 1, 2005 (as amended through October 15, 2006), with the modifications set forth in Section II of this Appendix.
6. “MoE” means the Ministry of Education of the Recipient.
7. “Original Financing Agreement” means the Development Financing Agreement for the Education Modernization Project between the Recipient and the Association, dated July 11, 2003 (Credit No. 3759-TJ; Grant No. H037-TJ).
8. “Original Project” means the Project described in the Original Financing Agreement.
9. “Procurement Guidelines” means the “Guidelines: Procurement under IBRD Loans and IDA Credits” published by the Bank in May 2004 and revised in October, 2006.
10. “Procurement Plan” means the Recipient’s procurement plan for the Project, dated April 12, 2010, and referred to in paragraph 1.16 of the Procurement Guidelines and paragraph 1.24 of the Consultant Guidelines, as the same shall be updated from time to time in accordance with the provisions of said paragraphs.
11. “Project Operational Manual” or “POM” means Project operational manual adopted pursuant to Section 4.01 of this Agreement by the Recipient, describing

procedures for implementation of the project, consistent with the provisions of this Agreement and including, *inter alia*, procedures governing the administrative, procurement, accounting, financial management, auditing, and monitoring and evaluation arrangements for the Project; as the same may be amended from time to time with the agreement of the Association.

Section II. Modifications to the General Conditions

The modifications to the General Conditions for Credits and Grants of the Association, dated July 1, 2005 (as amended through October 15, 2006) are as follows:

1. Section 2.07 is modified to read as follows:

“Section 2.07. *Refinancing Preparation Advance*

If the Financing Agreement provides for the repayment out of the proceeds of the Financing of an advance made by the Association or the Bank (“Preparation Advance”), the Association shall, on behalf of the Recipient, withdraw from the Financing Account on or after the Effective Date the amount required to repay the withdrawn and outstanding balance of the advance as at the date of such withdrawal from the Financing Account and to pay all accrued and unpaid charges, if any, on the advance as at such date. The Association shall pay the amount so withdrawn to itself or the Bank, as the case may be, and shall cancel the remaining unwithdrawn amount of the advance.”

2. Paragraph (i) of Section 6.02 is modified to read as follows:

“Section 6.02. *Suspension by the Association*

... (1) *Ineligibility*. The Association or the Bank has declared the Project Implementing Entity ineligible to receive proceeds of any financing made by the Association or the Bank or otherwise to participate in the preparation or implementation of any project financed in whole or in part by the Association or the Bank, as a result of a determination by the Association or the Bank that the Project Implementing Entity has engaged in fraudulent, corrupt, coercive or collusive practices in connection with the use of the proceeds of any financing made by the Association or the Bank.”