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**GRANT NUMBER H372 TJ**

# **Financing Agreement**

**(Energy Emergency Recovery Assistance Project)**

**between**

**REPUBLIC OF TAJIKISTAN**

**and**

**INTERNATIONAL DEVELOPMENT ASSOCIATION**

**Dated July 17, 2008**

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**GRANT NUMBER H372 TJ**

**FINANCING AGREEMENT**

AGREEMENT dated July 17, 2008, entered into between the 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) 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 four million Special Drawing Rights (SDR 4,000,000) (“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 May 15 and November 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 the Project through the Ministry of Finance 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 - TERMINATION**

- 4.01. The Effectiveness Deadline is the date ninety (90) days after the date of this Agreement.
- 4.02. For purposes of Section 8.05 (b) of the General Conditions, the date on which the obligations of the Recipient under this Agreement (other than those providing for

payment obligations) shall terminate is twenty (20) years after the date of this Agreement.

**ARTICLE V - REPRESENTATIVE; ADDRESSES**

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

5.02. The Recipient's Address is:

Ministry of Finance  
3 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 Najmuddinov

Authorized Representative

INTERNATIONAL DEVELOPMENT ASSOCIATION

By: /s/ Jariya Hoffman

Authorized Representative

## **SCHEDULE 1**

### **Project Description**

The objective of the Project is urgently to increase the amount and reliability of the national energy supply, especially in the winter season, by supporting the implementation of the Recipient's EEMAP.

The Project consists of the following parts:

#### Part A. Rehabilitation of the Electricity, Gas and Heat Transmission Systems

1. Installation of an odorizing system to detect gas leaks in the gas network.
2. Rehabilitation of the gas transmission system.
3. Rehabilitation of the electrical transmission system.
4. Provision of low sulfur residual fuel oil to the Dushanbe combined heat and power plant.
5. Rehabilitation of heat-supply systems in Khujand city.
6. Restoration of coal-based heat-supply systems at selected settlements.

#### Part B. Project Management and Capacity-Building and Support Implementation of EEMAP

1. Strengthening the Recipient's capacity for project management, monitoring and evaluation, including environmental management and safety, procurement, disbursement and financial management activities.
2. Support implementation of medium-term actions under the EEMAP for electricity and gas systems.

## **SCHEDULE 2**

### **Project Execution**

#### **Section I. Implementation Arrangements**

##### **A. Institutional Arrangements and Implementation Covenants**

1. The Recipient, through the PIU, shall carry out the Project in accordance with best energy industry and utility practices as well as the EMP and shall not assign, amend, abrogate or waive any provisions of the EMP without prior approval of the Association.
2. The Recipient shall maintain the PIU throughout implementation of the Project with sufficient and suitable human, financial and technical resources and under terms of reference satisfactory to the Association.
3. Prior to the commencement of any works under Part A of the Project, the Recipient shall prepare an EMP in a manner satisfactory to the Association.

##### **B. Anti-Corruption**

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

#### **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 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.
2. For purposes of Section 4.08 (c) of the General Conditions, the report on the execution of the Project and related plan required pursuant to that Section shall be furnished to the Association not later than six (6) months after the Closing Date.

##### **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, interim un-audited

financial reports for the Project covering the calendar 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, commencing with the fiscal year in which the first withdrawal under the Project Preparation Advance was made. 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. The following methods may be used for procurement of goods and works for those contracts which are specified in the Procurement Plan: (A) Limited International Bidding; (B) National Competitive Bidding, subject to the additional provisions set forth in the Annex to this Schedule 2; (C) Shopping; (D) Direct Contracting; (E) Force Account; (F) Procurement from procurement agents including UN agencies; (G) Established Private or Commercial Practices which have been found acceptable to the Association; (H) International Competitive Bidding, subject to the provisions of paragraph 3.13 (a) of the Procurement Guidelines; and (I) Community Participation procedures which have been found acceptable to the Association.

**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. 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. For purposes of paragraph 2.7 of the Consultant Guidelines, the short list of consultants for services estimated to cost less than \$50,000 equivalent per contract may comprise entirely national consultants.

**2. Other Methods of Procurement of Consultants' Services**

(a) Quality-based Selection. Services for assignments which the Association agrees meet the requirements set forth in paragraph 3.2 of the Consultant Guidelines may be procured under contracts awarded on the basis of Quality-based Selection in accordance with the provisions of paragraphs 3.1 through 3.4 of the Consultant Guidelines.

(b) Selection Under a Fixed Budget. Services for assignments which the Association agrees meet the requirements of paragraph 3.5 of the Consultant Guidelines may be procured under contracts awarded on the basis of a Fixed Budget in accordance with the provisions of paragraphs 3.1 and 3.5 of the Consultant Guidelines.

(c) Least-cost Selection. Services for assignments which the Association agrees meet the requirements of paragraph 3.6 of the Consultant Guidelines may be procured under contracts awarded on the basis of Least-cost Selection in accordance with the provisions of paragraphs 3.1 and 3.6 of the Consultant Guidelines.

(d) Selection Based on Consultants' Qualifications. Services estimated to cost less than \$200,000 equivalent per contract may be procured under contracts awarded in accordance with the provisions of paragraphs 3.1, 3.7 and 3.8 of the Consultant Guidelines.

(e) Single Source Selection. Services for tasks in circumstances which meet the requirements of paragraph 3.10 of the Consultant Guidelines for Single Source Selection, may, with the Association's prior agreement, be procured in accordance with the provisions of paragraphs 3.9 through 3.13 of the Consultant Guidelines.

(f) Individual Consultants. Services for assignments that meet the requirements set forth in the first sentence of paragraph 5.1 of the Consultant Guidelines may be procured under contracts awarded to individual consultants in accordance with the provisions of paragraphs 5.2 through 5.3 of the Consultant Guidelines. Under the circumstances described in paragraph 5.4 of the Consultant Guidelines, such contracts



may be awarded to individual consultants on a sole-source basis.

**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:

<b>Category</b>	<b>Amount of the Financing Allocated (Expressed in SDR)</b>	<b>Percentage of Expenditures to be Financed</b>
(1) Goods and Works under Part A and Part B of the Project, except for Part A.4	431,000	100%
(2) Goods under Part A.4 of the Project	923,000	100%
(3) Consultant Services and Training under Part B of the Project	185,000	100%

<b>Category</b>	<b>Amount of the Financing Allocated (Expressed in SDR)</b>	<b>Percentage of Expenditures to be Financed</b>
(4) Refund of Project Preparation Advance	1,846,000	Amount payable pursuant to Section 2.07 of the General Conditions
(5) Unallocated	615,000	
<b>TOTAL AMOUNT</b>	<b><u>4,000,000</u></b>	

**B. Withdrawal Conditions; Withdrawal Period**

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

(a) for payments made prior to the date of this Agreement, except that withdrawals up to an aggregate amount not to exceed one million two hundred thousand Special Drawing Rights (SDR 1,200,000) be made for payments made prior to this date but on or after January 16, 2008, for Eligible Expenditures; or

(b) under Category 1 unless the EMP has been prepared in accordance with paragraph 3 of Section I of Schedule 2 to this Agreement.

2. The Closing Date is December 31, 2010.

**Annex  
to  
SCHEDULE 2**

**Mandatory Provisions for Procurement under  
Bank-Financed Contracts Subject to National Competitive Bidding**

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 modified 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 Art. 9 of the Law), without any involvement of the Authorized Body on Public Procurement (as referred to in Art. 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 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**

### **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. “EEMAP” means the Recipient’s Energy Emergency Mitigation Action Plan, approved by the Prime Minister of the Republic of Tajikistan on February 9, 2008, and setting out actions for managing energy supply and mitigating emergencies in the energy sector, as the same may be amended from time to time with the prior approval of the Association.
5. “EMP” means the environmental management plan to be prepared by the Recipient and satisfactory to the Association in respect of works to be undertaken by the Recipient under Part A of the Project and goods procured under Part A.4 of the Project, focusing on occupational and community health and safety measures, as the same may be amended and supplemented from time to time with the Association’s prior written approval.
6. “General Conditions” means the “International Development Association General Conditions for Credits and Grants”, dated July 1, 2005 (as amended through October 15, 2006).
7. “PIU” means the technical support group established within the Ministry of Finance responsible for implementation of the Project and referred to in paragraph 1 of Section I.A of Schedule 2 to this Agreement.
8. “Procurement Guidelines” means the “Guidelines: Procurement under IBRD Loans and IDA Credits” published by the Bank in May 2004 and revised in October, 2006.
9. “Procurement Plan” means the Recipient’s procurement plan for the Project, dated April 16, 2008, 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.

10. “Project Preparation Advance” means the advance referred to in Section 2.07 of the General Conditions, granted by the Association to the Recipient pursuant to the letter agreement signed on behalf of the Association on February 16, 2008, and on behalf of the Recipient on February 22, 2008.
11. “Training” means expenditures, as approved by the Association, on the basis of budgets and plans prepared by the PIU, and revised annually, satisfactory to the Association, and incurred in connection with Project-related training, workshops, seminars, conferences, and study tours, including travel costs and per-diem allowances for the trainees and the trainers, and other training-related activities and expenditures as may be agreed with the Association from time to time.