

The World BankINTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
INTERNATIONAL DEVELOPMENT ASSOCIATION1818 H Street N.W.
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October 19, 2011

H. E. Safarali Najmiddinov
Minister of Finance
Ministry of Finance
Dushanbe
Republic of Tajikistan

**Republic of Tajikistan: Re: Swiss Grant for Co-financing
the Energy Loss Reduction Project
Grant No. TF096573**

Excellency:

In response to the request for financial assistance made on behalf of Republic of Tajikistan (“Recipient”), I am pleased to inform you that the International Development Association (“World Bank”), acting as administrator of grant funds provided by the Swiss Confederation under TF No. TF070521 (the Swiss (SECO) Trust Fund), proposes to extend to the Recipient, a grant in an amount not to exceed four million seventeen thousand and nine hundred seventy three United States Dollar and fifty four cents (US\$4,017,973.54) (“Grant”) on the terms and conditions set forth or referred to in this letter agreement (“Agreement”), which includes the attached Annex, to assist in the financing of the project described in the Annex (“Project”). This Grant is funded out of the abovementioned trust fund for which the World Bank receives periodic contributions. In accordance with Section 3.02 of the Standard Conditions (as defined in the Annex to this Agreement), the Recipient may withdraw the Grant proceeds subject to the availability of such funds.

The Recipient represents, by confirming its agreement below, that it is authorized to enter into this Agreement and to carry out the Project in accordance with the terms and conditions set forth or referred to in this Agreement.

Please confirm the Recipient’s agreement to the foregoing by having an authorized official of the Recipient sign and date the enclosed copy of this Agreement, and returning it to the World Bank. This Agreement shall become effective on the date upon which the World Bank dispatches to the Recipient

notice of its acceptance of the evidence required pursuant to Section 5.01 of the Annex to this Agreement.

Very truly yours,

INTERNATIONAL DEVELOPMENT ASSOCIATION

By: /s/ Motoo Konishi
Regional Director
Central Asia

AGREED:

REPUBLIC OF TAJIKISTAN

By: /s/ Safarali Najmiddinov

Authorized Representative

Name: Safarali Najmiddinov

Title: Minister of Finance

Date: October 27, 2011

Enclosures:

- (1) Standard Conditions for Grants Made by the World Bank Out of Various Funds, dated July 1, 2008.
- (2) Disbursement Letter dated October 19, 2011, together with World Bank Disbursement Guidelines for Projects, dated May 1, 2006.

Article I**Standard Conditions; Definitions**

1.01. **Standard Conditions.** The Standard Conditions for Grants Made by the World Bank out of Various Funds dated July 1, 2008 (“Standard Conditions”) constitute an integral part of this Agreement.

1.02. **Definitions.** Unless the context requires otherwise, the capitalized terms used in this Agreement have the meanings ascribed to them in the Standard Conditions or in this Agreement and the following additional terms have the following meanings:

(a) “Barki Tajik” or “BT” means OSHPC Barki Tajik, an open joint stock holding company established by the Recipient’s Government Decree No. 537, dated October 31, 2008, and registered on November 27, 2008 (registration No. 001-5563) or any successor or successors thereto;

(b) “BT Co-financing Project Agreement” means the agreement between the World Bank and Barki Tajik of even date herewith, as the same may be amended from time to time, and such term includes all schedules and agreements supplemental to the BT Co-financing Project Agreement;

(c) “BT Subsidiary (SECO) Loan Agreement” means the agreement, dated June 29, 2007, between the Recipient and Barki Tajik, to be amended pursuant to Section 5.01 (b) of this Agreement, and as the same may be amended from time to time;

(d) “Engineering and Dam Safety Panel” means an independent panel of engineering and dam safety experts to be selected, managed and funded by the World Bank, which shall be responsible for reviewing and advising on TEAS;

(e) “Environmental and Social Impact Assessment” or “ESIA” means the Environmental and Social Impact Assessment Study to be carried out under Part C.2 of the Project, addressing environmental and social risks relating to the proposed Rogun HEP, as well as setting forth the mitigation, monitoring and institutional measures to manage the risks;

(f) “Environment and Social Panel” means an independent panel of environmental and social experts to be selected, managed and funded by the World Bank, which shall be responsible for reviewing and advising on ESIA;

(g) “Resettlement Action Plan” or “RAP” means the Resettlement Action Plan to be prepared by the Recipient pursuant to Section 2.11 of this Agreement;

(h) “Resettlement Audit” means the review of all resettlement activities undertaken during the period from December 1, 2009 and prior to completion of the ESIA that have been related to the proposed Rogun HEP, including review of resettlement terms, procedures and practices and identifying any remedial measures that may be necessary to bring those resettlement activities into consistency with the Resettlement Policy Framework and the World Bank’s Operational Policy on Involuntary Resettlement (OP 4.12);

(i) “Resettlement Policy Framework” means the Resettlement Policy Framework to be prepared pursuant to Section 2.11 of this Agreement defining the modalities for acquiring and allocating land, resettlement and rehabilitation of displaced persons;

(j) “Riparian States” means upstream and downstream riparian states along the Vakhsh River and Amu Darya River, including Tajikistan, Turkmenistan, Uzbekistan, Afghanistan, Kazakhstan, and Kyrgyzstan;

(k) “Rogun Hydroelectric Project” or “Rogun HEP” means the Borrower’s project for the rehabilitation works and planned construction of a 3600 MW reservoir-type hydroelectric power plant along the Vakhsh River, and located upstream of the Nurek Hydroelectric Power Plant and 110 kilometers from Dushanbe City, for the generation of energy resources for the Recipient and the regulation of water;

(l) “Strategy” means the Recipient’s strategy to promote development of the energy sector, set out in a letter dated March 18, 2005, describing policy, investment, social protection and institutional reforms, and declaring the Recipient’s commitment to the implementation of the Strategy;

(m) “Subsidiary (SECO) Loan Agreements” means, collectively, the BT Subsidiary (SECO) Loan Agreement and the TTG Subsidiary (SECO) Loan Agreement;

(n) “Tajiktransgaz” or “TTG” means Tajiktransgaz, an open joint stock holding company, established by the Borrower’s Government Decree No. 81, dated February 21, 2009, and registered on May 28, 2009 (Registration № 001-6163), or any successor or successors thereto;

(o) “TEAS” means the Techno-Economic Assessment Study to be carried out under Part C.2 of the Project and addressing the engineering, geologic and financial/economic aspects of the proposed Rogun HEP;

(p) “TTG Co-financing Project Agreement” means the agreement between the World Bank and Tajiktransgaz of even date herewith, as the same may be amended from time to time, and such term includes all schedules and agreements supplemental to the TTG Co-financing Project Agreement; and

(q) “TTG Subsidiary (SECO) Loan Agreement” means the agreement, dated August 31, 2007, between the Recipient and TTG, to be amended pursuant to Section 5.01 (b) of this Agreement, and as the same may be amended from time to time.

Article II Project Execution

2.01. ***Project Objectives and Description.*** The objectives of the Project are: (i) to assist the Recipient in reducing commercial losses in the electricity and gas systems and to lay the foundation for the improvement of the financial viability of the electricity and gas utilities, in a socially responsible manner; as well as (ii) to assist in the viability assessment of the Rogun HEP. The Project consists of the following parts:

Part A: Electricity Component

1. Supply and installation of approximately one hundred and seventy thousand (170,000) electricity meters and related equipment and materials for all consumers in the Dushanbe Electricity Network.
2. Design, supply and installation of automated billing systems for the Dushanbe Electricity Network.

Part B: Gas Component

1. Supply and installation of approximately one hundred and forty-four thousand (144,000) gas meters, bulk gas meters, turbine gas meters, and related works and materials to complete Tajiktransgaz's gas metering program.
2. Supply and installation of laboratories for gas meter calibration, testing and quality control.
3. Design, supply and installation of automated billing systems for Tajiktransgaz.

Part C: Technical Assistance

1. Assistance to the Borrower for: (a) financial, legal and technical advisory services for the development of new hydro electric projects aimed at electricity exports; (b) the implementation of electricity and gas tariff policies; (c) implementation of social protection policies for energy reforms; (d) monitoring and evaluation of performance of Barki Tajik and Tajiktransgaz; and (e) develop mechanisms for the interaction between energy consumers and the Borrower's agencies involved in technical and economic regulation of energy supply.
2. Assistance to Barki Tajik for: (a) engineering, management and supervision of Part A of the Project; (b) implementation of a financial management improvement program, and independent auditing; (c) development and establishment of an industry-standard electricity exports contract; and (d) carrying out of a Techno-Economic Assessment Study (TEAS) and Environmental and Social Impact Assessment Study (ESIA) relating to the development of the proposed Rogun HEP.
3. Assistance to Tajiktransgaz for: (a) engineering, management and supervision of Part B of the Project; (b) implementation of a financial management improvement program and independent auditing; and (c) preparation of pre-feasibility study and related consulting services for rehabilitation of main and in-city gas pipeline network covered by Tajiktransgaz.

2.02. ***Project Execution Generally.*** The Recipient declares its commitment to the objectives of the Project. To this end, the Recipient shall carry out Part C.1 of the Project and shall cause Parts A and C.2 of the Project to be carried out by BT and Parts B and C.3 of the Project to be carried out by TTG in

accordance with the provisions of: (a) Article II of the Standard Conditions; (b) the “Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants”, dated October 15, 2006 and revised in January 2011 (“Anti-Corruption Guidelines”); (c) this Article II; and (d) the agreement between the World Bank and BT (BT Co-financing Project Agreement), dated the same date as this Agreement, and the agreement between the World Bank and TTG (TTG Co-financing Project Agreement), dated the same date as this Agreement, as such agreements may be amended from time to time.

2.03. The Recipient shall take and shall cause to be taken all action, including provision of funds, facilities, services and other resources, necessary or appropriate to enable BT and TTG to perform their obligations under the BT Co-financing Project Agreement and TTG Co-financing Project Agreement, respectively, and shall not take or permit to be taken any action which would prevent or interfere with such performance.

2.04. For the purposes of Parts A and C.2 of the Project, the Recipient shall relend a portion of the proceeds of the Grant allocated to Category (1) set forth in the table in Section 3.01 of the Annex to this Agreement to BT under a Subsidiary (SECO) Loan Agreement to be entered between the Recipient and BT (“BT Subsidiary (SECO) Loan Agreement”), under terms and conditions which shall have been approved by the World Bank, which shall include the principal terms and conditions specified in Sections 2.06, 2.07 and 2.08.

2.05. For the purposes of Parts B and C.3 of the Project, the Recipient shall relend a portion of the proceeds of Grant allocated to Category (2) set forth in the table in Section 3.01 of the Annex to this Agreement to TTG under a Subsidiary (SECO) Loan Agreement entered between the Recipient and TTG (“TTG Subsidiary (SECO) Loan Agreement”), under terms and conditions which shall have been approved by the World Bank, which shall include the principal terms and conditions specified in Sections 2.06, 2.07 and 2.08.

2.06. The principal terms and conditions of the Subsidiary (SECO) Loan Agreements shall be as follows: (i) the terms of each Subsidiary (SECO) Loan shall be twenty (20) years including a grace period of five (5) years; (ii) interest on the amount of the BT Subsidiary (SECO) Loan withdrawn and outstanding from time to time from Category (1), and on the amount of the TTG Subsidiary (SECO) Loan withdrawn and outstanding from time to time from Category (2) shall be at a rate of six (6%) percent per annum; (iii) each Subsidiary (SECO) Loan shall be denominated in Dollars; and (iv) the principal amount of the Subsidiary (SECO) Loans repayable to the Recipient shall be the equivalent in Dollars of the amount of the Subsidiary (SECO) Loans withdrawn and outstanding and such equivalent to be expressed as of the date of the respective dates of withdrawal from the Grant on account of expenditures incurred by BT and TTG, respectively.

2.07. The Recipient shall obtain rights adequate to protect its interests and those of the World Bank, including the right to: (i) suspend or terminate the right of BT and TTG to use the proceeds of the respective Subsidiary (SECO) Loan, or obtain a refund of all or any part of the amount of the respective Subsidiary (SECO) Loan then withdrawn, upon the failure of BT or TTG, as the case may be, to perform any of their respective obligations under the Subsidiary (SECO) Loan Agreements; and (ii) require BT and TTG to: (A) carry out their respective parts of the Project in accordance with the provisions of the BT Co-financing Project Agreement and the TTG Co-financing Project Agreement, respectively, with due diligence and efficiency and in accordance with sound technical, economic, financial, managerial, environmental and social standards and practices satisfactory to the World Bank, including in accordance with the provisions of the Anti-Corruption Guidelines applicable to recipients of loan proceeds other than

the Recipient; (B) provide, promptly as needed, the resources required for the purpose; (C) procure the goods, works and services to be financed out of each respective Subsidiary (SECO) Loan in accordance with the provisions of this Agreement; (D) maintain policies and procedures adequate to enable it to monitor and evaluate in accordance with indicators acceptable to the World Bank, the progress of their respective parts of the Project and the achievement of the Project's objectives; (E) (1) maintain a financial management system and prepare financial statements in accordance with consistently applied accounting standards acceptable to the World Bank, both in a manner adequate to reflect the operations, resources and expenditures related to their respective parts of the Project; and (2) at the World Bank's or the Recipient's request, have such financial statements audited by independent auditors acceptable to the World Bank, in accordance with consistently applied auditing standards acceptable to the World Bank, and promptly furnish the statements as so audited to the Recipient and the World Bank; (F) enable the Recipient and the World Bank to inspect any sites associated with BT's or TTG's respective part of the Project, and its operation and any relevant records and documents; and (G) prepare and furnish to the Recipient and the World Bank all such information as the Recipient or the World Bank shall reasonably request relating to the foregoing.

2.08. The Recipient shall exercise its rights under the Subsidiary (SECO) Loan Agreements in such manner as to protect the interests of the Recipient and the World Bank and to accomplish the purposes of the Grant, and, except as the World Bank shall otherwise agree, the Recipient shall not assign, amend, abrogate or waive the Subsidiary (SECO) Loan Agreements or any provision thereof.

2.09. Without limitation upon the provisions of Section 2.02 and except as the Recipient and the World Bank shall otherwise agree, the Recipient shall ensure that the Strategy is carried out in a timely and effective manner, which shall include but not be limited to the following:

(a) ensure that all state owned enterprises and budget organizations shall pay in full their electricity and gas obligations to BT and TTG, respectively, within thirty (30) days of being billed by BT and TTG; and

(b) take all actions necessary on its part, including but not limited to, tariff increases, and measures to improve collections from all categories of consumers, to enable BT and TTG to finance a minimum of thirty (30%) percent of their respective annual capital expenditures as defined in paragraph 3 of Section II B of the Schedule to the BT Co-financing Project Agreement and in paragraph 3 of Section II B of the Schedule to the TTG Co-financing Project Agreement.

2.10. The Recipient shall not take any actions to modify the legal character, ownership, control, or structure of BT and TTG which might adversely affect the implementation of the Project without a prior consent of the World Bank.

2.11. (a) The Recipient shall and shall cause BT to carry out TEAS and ESIA under Part C of the Project in accordance with the terms of reference agreed upon with the World Bank and in compliance with the World Bank's applicable safeguard policies. For the purposes of carrying out TEAS and ESIA, the Recipient shall: (i) fully participate in the work of the Engineering and Dam Safety Panel and the Environment and Social Panel (collectively, the "Panels"), including participating in the Panels' meetings and riparian consultation meetings; (ii) provide supporting services to said Panels as agreed with the World Bank; and (iii) ensure that comments and recommendations of said Panels are adequately reflected in the final assessment reports.

(b) The Recipient shall: (i) ensure that there is no reallocation of residents from the proposed Rogun dam future reservoir area, unless and until the Recipient shall have prepared, disclosed and published a Resettlement Policy Framework, Resettlement Action Plan and Resettlement Audit Report, all satisfactory to the World Bank, and as required under ESIA; (ii) make best efforts to avoid relocation of residents in the vicinity of the Rogun dam site until the documents referred to in (i) above shall have been prepared; and (iii) in case continued resettlement of remaining residents in the vicinity of the Rogun dam site takes place, the Recipient shall carry out such resettlement with due care and in accordance with the Recipient's applicable legal and institutional framework, as well as with the international good practices (including but not limited to adequate grievance mechanism).

(c) The Recipient shall ensure that no actions shall be taken which lead to or result in the diversion of waters along the Vakhsh River unless and until the assessments relating to coffer dam and a 70 m dam facility, as part of TEAS and ESIA, have been completed, and the draft reports of these assessments have been shared with the Riparian States, and said Riparian States have been afforded an opportunity to comment on said assessment within a reasonable period of time; and such assessment has been reviewed with the Panels to determine feasibility of constructing any dam facility within the Rogun HEP.

2.12. *Project Monitoring, Reporting and Evaluation.* (a) The Recipient shall, and shall cause BT and TTG, to monitor and evaluate the progress of the Project and prepare Project Reports in accordance with the provisions of Section 2.06 of the Standard Conditions and on the basis of indicators agreed with the World Bank. Each Project Report shall cover the period of one calendar semester, and shall be furnished to the World Bank not later than forty five (45) after the end of the period covered by such report.

(b) The Recipient shall prepare the Completion Report in accordance with the provisions of Section 2.06 of the Standard Conditions. The Completion Report shall be furnished to the World Bank not later than six (6) months after the Closing Date.

2.13. *Financial Management.* (a) The Recipient shall ensure that a financial management system is maintained in accordance with the provisions of Section 2.07 of the Standard Conditions.

(b) The Recipient shall ensure that interim unaudited financial reports for the Project are prepared and furnished to the World Bank not later than forty five (45) days after the end of each calendar quarter, covering the quarter, in form and substance satisfactory to the World Bank.

(c) The Recipient shall have its Financial Statements audited in accordance with the provisions of Section 2.07 (b) of the Standard Conditions. Each such 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 World Bank not later than six (6) months after the end of such period.

2.14. *Procurement*

(a) **General.** All goods, works and services required for the Project and to be financed out of the proceeds of the Grant shall be procured in accordance with the requirements set forth or referred to in:

- (i) Section I of the "Guidelines: Procurement under IBRD Loans and IDA Credits" published by the World Bank in May 2004 and revised in October 2006 and May 2010 ("Procurement Guidelines"), in the case of goods and works;

- (ii) Sections I and IV of the “Guidelines: Selection and Employment of Consultants by World Bank Borrowers” published by the World Bank in May 2004 and revised in October 2006 and May 2010 (“Consultant Guidelines”) in the case of consultants’ services; and
- (iii) the provisions of this Section , as the same shall be elaborated in the procurement plan prepared and updated from time to time by the Recipient for the Project in accordance with paragraph 1.16 of the Procurement Guidelines and paragraph 1.24 of the Consultant Guidelines (“Procurement Plan”).

(b) Definitions. The capitalized terms used in the following paragraphs of this Section to describe particular procurement methods or methods of review by the World Bank of particular contracts, refer to the corresponding method described in the Procurement Guidelines, or the Consultant Guidelines, as the case may be.

(c) Particular Methods of Procurement of Goods and Works

- (i) Except as otherwise provided in sub-paragraph (ii) below, goods and works shall be procured under contracts awarded on the basis of International Competitive Bidding.
- (ii) The following methods, other than International Competitive Bidding, may be used for procurement of goods and works for those contracts specified in the Procurement Plan: (A) Limited International Bidding; (B) National Competitive Bidding, subject to the following additional provisions set forth in the Attachment to the Annex to this Agreement (C) Shopping; (D) Direct Contracting.

(d) Particular Methods of Procurement of Consultants’ Services

- (i) Except as otherwise provided in item (ii) below, consultants’ services shall be procured under contracts awarded on the basis of Quality- and Cost-based Selection.
- (ii) The following methods may be used for the procurement of consultants’ services for those assignments which are specified in the Procurement Plan: (A) Quality-based Selection; (B) Selection under a Fixed Budget; (C) Least Cost Selection; (D) Selection based on Consultants’ Qualifications; (E) Single-source Selection; (F) Selection of Individual Consultants including Sole-Source Selection.

(e) Review by the World Bank of Procurement Decisions. The Procurement Plan shall set forth those contracts which shall be subject to the World Bank’s Prior Review. All other contracts shall be subject to Post Review by the World Bank.

Article III
Withdrawal of Grant Proceeds

3.01. **Eligible Expenditures.** The Recipient may withdraw the proceeds of the Grant in accordance with the provisions of: (a) the Standard Conditions; (b) this Section; and (c) such additional instructions as the World Bank may specify by notice to the Recipient (including the “World Bank Disbursement Guidelines for Projects” dated May 2006, as revised from time to time by the World Bank and as made applicable to this Agreement pursuant to such instructions), to finance Eligible Expenditures as set forth in the following table. The table specifies the categories of Eligible Expenditures that may be financed out of the proceeds of the Grant (“Category”), the allocations of the amounts of the Grant to each Category, and the percentage of expenditures to be financed for Eligible Expenditures in each Category:

Category	Amount of the Grant Allocated (expressed in USD)	Percentage of Expenditures to be Financed
(1) Goods, works and consultants’ services under Parts A and C.2 of the Project	3,150,000.00	100%
(2) Goods, works and consultants’ services under Parts B and C.3 of the Project	867,973.54	100%
TOTAL AMOUNT	<u>4,017,973.54</u>	

3.02. **Withdrawal Conditions.** Notwithstanding the provisions of Section 3.01 of this Agreement, no withdrawal shall be made for payments made prior to the date of countersignature of this Agreement by the Recipient.

3.03. **Withdrawal Period.** The Closing Date referred to in Section 3.06 (c) of the Standard Conditions is June 30, 2012.

Article IV
Additional Remedies

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

(a) The Recipient has taken or permitted to be taken any action which would prevent or interfere with the performance by either BT or TTG of their respective obligations under the BT Co-financing Project Agreement or the TTG Co-financing Project Agreement, respectively.

(b) BT or TTG has failed to perform any obligation under the BT Co-financing Project Agreement or the TTG Co-financing Project Agreement, respectively.

(c) If World Bank so requests, the condition of BT or TTG, as represented or warranted to the World Bank at the date of the BT Co-financing Project Agreement and the TTG Co-financing Project Agreement, respectively, has undergone no material adverse change after such date.

(d) IBRD or IDA has declared BT or TTG ineligible to receive proceeds of any financing made by International Bank of Reconstruction and Development (IBRD) or the International Development Association (IDA), or otherwise to participate in the preparation or implementation of any project financed in whole or in part by IBRD or IDA (including as administrator of funds provided by another financier), as a result of a determination by IBRD or IDA that BT or TTG has engaged in fraudulent, corrupt, coercive or collusive practices in connection with the use of the proceeds of any financing made by IBRD or IDA.

(e) As a result of events which have occurred after the date of this Agreement, an extraordinary situation has arisen which makes it improbable that BT or TTG will be able to perform their respective obligations under the BT Co-financing Project Agreement or the TTG Co-financing Project Agreement, respectively.

(f) Law No. 537, dated October 31, 2008, and registered on November 30, 2001 (registration No. P/H 18p - 150) by which BT has been established and its operating has been amended, suspended, abrogated, repealed or waived so as to affect materially and adversely the ability of BT to perform any of its obligations under the BT Co-financing Project Agreement.

(g) Law No. 81, dated February 21, 2009, and registered on May 28, 2009 (registration No. 001-6163), by which TTG has been established and its operating has been amended, suspended, abrogated, repealed or waived so as to affect materially and adversely the ability of TTG to perform any of its obligations under the TTG Co-financing Project Agreement.

(h) The World Bank has suspended in whole or in part the right of the Recipient to make withdrawals under the Development Finance Agreement for the Energy Loss Reduction Project (Credit Number 4093 TJ, Grant Number H178 TJ), between the Recipient and the International Development Association, dated September 8, 2005 (“Development Financing Agreement”), as amended, because of a failure by the Recipient to perform any of its obligations under such Agreement.

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

Article V

Effectiveness; Termination

5.01. This Agreement shall not become effective until evidence satisfactory to the World Bank has been furnished to the World Bank that the following conditions have been satisfied:

(a) the execution and delivery of this Agreement on behalf of the Recipient have been duly authorized or ratified by all necessary governmental action.

(b) the BT Subsidiary (SECO) Loan Agreement and the TTG Subsidiary (SECO) Loan Agreement have been amended on terms and conditions satisfactory to the World Bank.

(c) the BT Co-financing Project Agreement and the TTG Co-financing Project Agreement have been executed and delivered and all conditions precedent to their effectiveness, except only the effectiveness of this SECO Co-financing Agreement between the Recipient and the World Bank, have been fulfilled.

(d) The amendment to the Development Financing Agreement has been executed and delivered and all conditions precedent to its effectiveness, except only the effectiveness of this SECO Co-financing Agreement between the Recipient and the World Bank, have been fulfilled.

(e) The amendment to the TTG Project Agreement between Tajiktransgaz (formerly Tajik Gas) and the International Development Association, dated September 8, 2005, has been executed and delivered and all conditions precedent to its effectiveness, except only the effectiveness of this SECO Co-financing Agreement between the Recipient and the World Bank, have been fulfilled.

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

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

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

Article VI

Recipient's Representative; Addresses

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

6.02. **Recipient's Address.** The Recipient's Address referred to in Section 7.01 of the Standard Conditions is:

Ministry of Finance
3 Akademikov Rajabovikh Ave.
Dushanbe, 734025
Republic of Tajikistan

Facsimile:

(992-372) 213329

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

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

Cable:

Telex:

Facsimile:

INDEVAS
Washington, D.C.

248423 (MCI) or
64145 (MCI)

1-202-477-6391

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 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 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.