

Public Disclosure Authorized

CONFORMED COPY

GRANT NUMBER H726-TJ

Financing Agreement

(Social Safety Net Strengthening Project)

between

REPUBLIC OF TAJIKISTAN

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated July 13, 2011

GRANT NUMBER H726-TJ

FINANCING AGREEMENT

AGREEMENT dated July 13, 2011, 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 two million one hundred thousand Special Drawing Rights (SDR 2,100,000) (“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 April 15 and October 15 in each year.
- 2.05. The Payment Currency is US 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 PCG 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, satisfactory to the Association, has been adopted by PCG.
 - (b) PCG has upgraded its automated IC accounting system for the generation of interim financial reports for the Project.
- 4.02. The Effectiveness Deadline is the date ninety (90) 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 (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 or
(992-372) 221-6796

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/ Marsha Olive

Authorized Representative

SCHEDULE 1

Project Description

The objective of the Project is to assist the Recipient in improving its capacity to plan, monitor and manage social assistance for the poor through the development of a national registry of social protection and the provision of training, equipment and related items for improving said capacity.

The Project consists of the following parts:

Part A: **National Registry of Social Protection**

1. Developing a National Registry of Social Protection (NRSP) for: (i) administering poverty-targeted social assistance benefits; (ii) determining eligibility for the benefits; (iii) controlling payments of these benefits; and (iv) planning and budgeting for said benefits.

2. Provision of goods, including computer equipment, printers, scanners, and electrical, telephone and internet connections, to strengthen the capacity of MLSP and community stakeholders to implement a nation-wide system of poverty-targeted social assistance.

Part B: **Capacity-Building for Launching Nation-Wide System of Poverty-Targeted Social Assistance**

Carrying out training, workshops and seminars to build the capacity of MLSP, MoF and community stakeholders to launch and implement a nation-wide system of poverty-targeted social assistance as well as to maintain and operate said system.

Part C: **Project Implementation Support**

Providing support for overall management and coordination of the Project and for carrying out fiduciary responsibilities, including procurement, financial reporting and accounting activities, audit, and other reporting for the Project.

SCHEDULE 2

Project Execution

Section I. Implementation Arrangements

A. Institutional Arrangements.

The Recipient shall carry out the Project in accordance with the following institutional arrangements:

1. The Recipient, through PCG, shall carry out the Project in accordance with the requirements, criteria, organizational arrangements and operational procedures set forth in POM, and shall not assign, amend, abrogate or waive any provisions of POM without prior approval of the Association.
2. At all times during the implementation of the Project, the Recipient shall maintain PCG with a composition, resources and terms of reference satisfactory to the Association.
3. The Recipient, through PCG, shall take, or cause to be taken, all measures necessary to ensure that Project activities will not involve land acquisition and that no human settlements will be displaced as a result of the Project activities.

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

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 not later than forty five (45) days after the end of each calendar quarter, interim unaudited financial reports for the Project, as part of the Project Reports referred to in Section II.A of Schedule 2 to this Agreement, 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, 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 the Procurement Guidelines, or 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 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 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) Quality-Based Selection
(b) Least Cost Selection
(c) Selection based on Consultants' Qualifications
(d) Procedures set forth in paragraphs 5.2, 5.3, 5.4, 5.5 and 5.6 of the Consultant Guidelines
(e) Single-Source Selection
(f) Selection Under a Fixed Budget

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 Financing Allocated (expressed in SDR)	Percentage of Expenditures to be Financed (inclusive of Taxes)
(1) Goods, Works, Consultants’ Services and Non-consulting Services for the Project, including Training and Operating Costs	2,100,000	100%
TOTAL AMOUNT	<u>2,100,000</u>	

For the purposes of this Schedule:

(a) the term “operating costs” means incremental operating costs incurred by PCG on account of Project implementation, audit, management and monitoring, including office and equipment maintenance and repair, vehicle maintenance and repair, local travel, communication, translation and interpretation, bank charges, social charges, and other miscellaneous costs directly associated with the Project, all based on periodic budgets acceptable to the Association, and;

(a) the term “training” means expenditures for Project related study tours, training courses, seminars, workshops and other training activities not included under

goods or service providers' contracts, including costs of training materials, space and equipment rental, travel and per diem costs of trainees and trainers.

B. Withdrawal Conditions; Withdrawal Period

1. Notwithstanding the provisions of Part A of this Section, no withdrawal shall be made for payments made prior to the date of this Agreement.
2. The Closing Date is December 31, 2015.

**ANNEX
to
SCHEDULE 2**

National competitive bidding procedures of the Recipient may be used for procurement of goods, works and non-consulting services 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 Article. 9 of the Law), without any involvement of the Authorized Body on Public Procurement (as referred to in 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. 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 and revised in January 2011.
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 under IBRD Loans and IDA Credits and Grants by World Bank Borrowers” published by the Bank in January 2011.
4. “EOP” means the Recipient’s Executive Office of the President, or any successor thereto.
5. “General Conditions” means the “International Development Association General Conditions for Credits and Grants”, dated July 31, 2010.
6. “MLSP” means the Recipient’s Ministry of Labor and Social Protection, or any successor thereto.
7. “MoF” means the Recipient’s Ministry of Finance, or any successor thereto.
8. “PCG” means the Recipient’s Project Coordinating Group within EOP and representing EOP, or any successor thereto.
9. “POM” means the Project Operational Manual to be adopted by the Recipient pursuant to Section 4.01 of this Agreement and which shall include the Financial Management Manual and the Procurement Manual.
10. “Procurement Guidelines” means the “Guidelines: Procurement of Goods, Works and Non-consulting Services under IBRD Loans and IDA Credits and Grants by World Bank Borrowers” published by the Bank in January 2011.
11. “Procurement Plan” means the Recipient’s procurement plan for the Project, dated May 4, 2011 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.