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GRANT NUMBER 0453-TAJ(EF)

GRANT AGREEMENT  
(Externally Financed)

(Strengthening Technical and Vocational Education and Training Project)

between

REPUBLIC OF TAJIKISTAN

and

ASIAN DEVELOPMENT BANK

DATED 16 NOV 2015

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TAJ 46535

**GRANT AGREEMENT  
(Externally Financed)**

GRANT AGREEMENT dated 16 Nov 2015 between REPUBLIC OF TAJIKISTAN ("Recipient") and ASIAN DEVELOPMENT BANK ("ADB").

WHEREAS

(A) by a financing agreement of even date herewith between the Recipient and ADB ("ADB Financing Agreement"), ADB has agreed to make a loan in the amount of ten million six hundred thirty-three thousand Special Drawing Rights (SDR10,633,000) and grant in the amount of fifteen million Dollars (\$15,000,000) to the Recipient from ADB's Special Funds resources ("ADF Financing") for the purposes of the Project described in Schedule 1 to the ADB Financing Agreement;

(B) the Recipient has requested ADB to apply on its behalf to the Clean Energy Fund ("CEF") under the Clean Energy Financing Partnership Facility for a grant ("Grant"), to be administered by ADB, for the purposes of cofinancing expenditures under part of the Project as described in Schedule 1 to this Grant Agreement; and

(C) ADB has agreed to make the proceeds of the Grant available to the Recipient upon the terms and conditions set forth herein;

NOW THEREFORE the parties agree as follows:

**ARTICLE I**

**Grant Regulations; Definitions**

Section 1.01. All provisions of the Externally Financed Grant Regulations of ADB, dated 8 April 2009 ("Grant Regulations"), are hereby made applicable to this Grant Agreement with the same force and effect as if they were fully set forth herein, subject, however, to the following modifications:

(a) The term "Project" wherever it appears in the Grant Regulations, shall mean the Project as described in Schedule 1 to the ADB Financing Agreement and as further described in Schedule 1 to this Grant Agreement;

Section 1.02. Wherever used in this Grant Agreement, the several terms defined in the Grant Regulations and the ADB Financing Agreement have the respective meanings therein set forth unless modified herein or the context otherwise requires.

## **ARTICLE II**

### **The Grant**

Section 2.01. ADB agrees to make available to the Recipient a grant from the Clean Energy Fund under the Clean Energy Financing Partnership Facility in the amount of two million Dollars (\$2,000,000).

## **ARTICLE III**

### **Use of Proceeds of the Grant**

Section 3.01. The Recipient shall cause the proceeds of the Grant to be applied to the financing of expenditures on the Project in accordance with the provisions of this Grant Agreement.

Section 3.02. The proceeds of the Grant shall be allocated and withdrawn in accordance with the provisions of Schedule 1 to this Grant Agreement, as such Schedule may be amended from time to time by agreement between the Recipient and ADB.

Section 3.03. Except as ADB may otherwise agree, the Recipient shall procure, or cause to be procured, the items of expenditure to be financed out of the proceeds of the Grant in accordance with the provisions of Schedule 2 to this Grant Agreement.

Section 3.04. Withdrawals from the Grant Account in respect of Goods, Works and Consulting Services shall be made only on account of expenditures relating to Goods, Works and Consulting Services which meet such other eligibility requirements as shall have been specified by ADB from time to time.

Section 3.05. The Grant Closing Date for the purposes of Section 8.02 of the Grant Regulations shall be 30 September 2021 or such other date as may from time to time be agreed between the Recipient and ADB.

## **ARTICLE IV**

### **Particular Covenants**

Section 4.01. In the carrying out of the Project and operation of the Project facilities, the Recipient shall perform, or cause to be performed, all obligations set forth in Schedule 4 to the ADB Financing Agreement.

Section 4.02. (a) The Recipient shall (i) maintain separate accounts and records for the Project; (ii) prepare annual financial statements for the Project

in accordance with accounting principles acceptable to ADB; (iii) have such financial statements audited annually by independent auditors whose qualifications, experience and terms of reference are acceptable to ADB, in accordance with international standards for auditing or the national equivalent acceptable to ADB; (iv) as part of each such audit, have the auditors prepare a report (which includes the auditors' opinion on the financial statements, use of the Grant proceeds and compliance with the financial covenants of this Grant Agreement as well as on the use of the procedures for imprest fund and statement of expenditures) and a management letter (which sets out the deficiencies in the internal control of the Project that were identified in the course of the audit, if any); and (v) furnish to ADB, no later than 6 months after the end of each related fiscal year, copies of such audited financial statements, audit report and management letter, all in the English language, and such other information concerning these documents and the audit thereof as ADB shall from time to time reasonably request.

(b) ADB shall disclose the annual audited financial statements for the Project and the opinion of the auditors on the financial statements within 30 days of the date of their receipt by posting them on ADB's website.

(c) The Recipient shall enable ADB, upon ADB's request, to discuss the financial statements for the Project and the Recipient's financial affairs where they relate to the Project with the auditors appointed pursuant to subsection (a)(iii) hereinabove, and shall authorize and require any representative of such auditors to participate in any such discussions requested by ADB. This is provided that such discussions shall be conducted only in the presence of an authorized officer of the Recipient, unless the Recipient shall otherwise agree.

Section 4.03. The Recipient shall enable ADB's representatives to inspect the Project, the Goods and Works, and any relevant records and documents.

Section 4.04. The Recipient acknowledges and agrees that this Grant Agreement is entered into by ADB, not in its individual capacity, but as grant administrator for Clean Energy Fund. Accordingly, the Recipient agrees that (i) it may only withdraw Grant proceeds to the extent that ADB has received proceeds for the Grant from CEF; and (ii) that ADB does not assume any obligations or responsibilities of CEF in respect of the Project or the Grant other than those set out in this Grant Agreement.

## **ARTICLE V**

### **Suspension**

Section 5.01. The following is specified as an additional event for suspension of the right of the Recipient to make withdrawals from the Grant Account for the purposes of Section 8.01(k) of the Grant Regulations: the ADB Grant shall have become liable for suspension or cancellation in accordance with the ADB Financing Agreement.

## ARTICLE VI

### Effectiveness

Section 6.01. The following are specified as additional conditions to the effectiveness of this Grant Agreement for the purposes of Section 9.01(e) of the Grant Regulations:

- (a) the ADB Financing Agreement shall have been duly executed and delivered on behalf of the Recipient, and have become effective in accordance with its terms; and
- (b) this Grant Agreement shall have been duly ratified by the Recipient for purposes of providing effective and enforceable exemptions from taxes, duties and similar mandatory payments on Project expenditures as referred to in paragraph 9 of Schedule 5 to the ADB Financing Agreement.

Section 6.02. A date 60 days after the date of this Grant Agreement is specified for the effectiveness of this Grant Agreement for the purposes of Section 9.04 of the Grant Regulations.

## ARTICLE VII

### Miscellaneous

Section 7.01. The Minister of Finance of the Recipient is designated as representative of the Recipient for the purposes of Section 11.02 of the Grant Regulations.

Section 7.02. The following addresses are specified for the purposes of Section 11.01 of the Grant Regulations:

#### For the Recipient

Ministry of Finance  
Republic of Tajikistan  
3, Prospekt Akademikov Radjabovykh Street  
734025 Dushanbe, Tajikistan

Facsimile Number:

(992 37) 221-33-29.

For ADB

Asian Development Bank  
6 ADB Avenue  
Mandaluyong City  
1550 Metro Manila  
Philippines

Facsimile Numbers:

(632) 636-2444  
(632) 636-2424.

IN WITNESS WHEREOF the parties hereto, acting through their representatives thereunto duly authorized, have caused this Grant Agreement to be signed in their respective names as of the day and year first above written and to be delivered at the principal office of ADB.

REPUBLIC OF TAJIKISTAN

By   
\_\_\_\_\_  
ABDUSALOM K. QURBONIYON  
Minister of Finance

ASIAN DEVELOPMENT BANK

By   
\_\_\_\_\_  
CHANG CHING YU  
Country Director  
Tajikistan Resident Mission

## SCHEDULE 1

### Description of the Grant Financed Activities of the Project

1. The Grant financed activities will enhance the Project with an emphasis on clean energy technologies as follows:

- (A) Modernization of TVET system methodology:**
  - (i) providing inputs on the inclusion of clean energy components in competency standards and assessment tools, competency-based training curriculum and learning materials, and the related guidelines and manuals; and
  - (ii) supporting the pilot of competency-based training and learning materials for the Priority Occupations relating to clean energy and energy efficiency at selected TVET institutions.
- (B) Upgrading of physical learning and teaching facilities in selected TVET institutions:** upgrading the physical learning and teaching facilities at 3 selected TVET institutions to incorporate energy efficiency features, including renewable energy generation equipment, energy efficient lighting, water and space heating technologies.
- (C) Improving access to relevant TVET programs:** training the teachers and masters of selected TVET institutions on effective delivery of the competency-based training curriculum for courses on Priority Occupations related to clean energy and energy efficiency.
- (D) Strengthening governance and management of TVET system:** providing inputs to the energy industry sector working group on modern international TVET practice for clean energy education and mentoring energy sector leaders on workforce strategic planning for the clean energy sector.
- (E) Project management support:** enhancing procurement support for procuring the contract packages in relation to energy efficiency under paragraph (B) above.

## SCHEDULE 2

### Allocation and Withdrawal of Grant Proceeds

#### General

1. The table attached to this Schedule sets forth the Categories of items of expenditure to be financed out of the proceeds of the Grant and the allocation of the Grant proceeds to each such Category ("Table"). (Reference to "Category" in this Schedule is to a Category or Subcategory of the Table.)

#### Basis for Withdrawal from the Grant Account

2. Except as ADB may otherwise agree, the proceeds of the Grant shall be disbursed on the basis of the withdrawal percentage for each item of expenditure set forth in the Table.

#### Reallocation

3. Notwithstanding the allocation of Grant proceeds and the withdrawal percentages set forth in the Table,

(a) if the amount of the Grant allocated to any Category appears to be insufficient to finance all agreed expenditures in that Category, ADB may, in consultation with the Recipient, (i) reallocate to such Category, to the extent required to meet the estimated shortfall, amounts of the Grant which have been allocated to another Category but, in the opinion of ADB, are not needed to meet other expenditures, and (ii) if such reallocation cannot fully meet the estimated shortfall, reduce the withdrawal percentage applicable to such expenditures in order that further withdrawals under such Category may continue until all expenditures thereunder shall have been made; and

(b) if the amount of the Grant allocated to any Category appears to exceed all agreed expenditures in that Category, ADB may, in consultation with the Recipient, reallocate such excess amount to any other Category.

#### Disbursement Procedures

4. Except as ADB may otherwise agree, the Grant proceeds shall be disbursed in accordance with the Loan Disbursement Handbook.



TABLE

<b>ALLOCATION AND WITHDRAWAL OF GRANT PROCEEDS (Strengthening Technical and Vocational Education and Training Project)</b>			
<b>Number</b>	<b>Item</b>	<b>Total Amount Allocated for Financing (\$) Category</b>	<b>Basis for Withdrawal from the Grant Account</b>
1	Works	1,440,000	100% of total expenditures claimed*
2	Equipment	150,000	100% of total expenditure claimed*
3	Workshops and Trainings	190,000	100% of total expenditures claimed*
5	Consulting Services	50,000	100% of total expenditures claimed*
6	Unallocated	170,000	
	Total	2,000,000	

\* Exclusive of taxes and duties imposed within the territory of the Recipient.

### **SCHEDULE 3**

#### **Procurement of Goods, Works and Consulting Services**

##### General

1. The procurement of Goods, Works and Consulting Services shall be subject to and governed by the Procurement Guidelines, and the Consulting Guidelines, respectively.
2. All terms used in this Schedule and not otherwise defined in this Grant Agreement have the meanings provided in the Procurement Guidelines and/or the Consulting Guidelines, as applicable.

##### Goods and Works

3. Except as ADB may otherwise agree, Goods and Works shall only be procured on the basis of National Competitive Bidding.
4. The method of procurement is, subject to, among other things, the detailed arrangements and threshold values set forth in the Procurement Plan. The Recipient may only modify the methods of procurement or threshold values with the prior agreement of ADB, and modifications must be set out in updates to the Procurement Plan.

##### National Competitive Bidding

5. The Recipient and ADB shall ensure that, prior to the commencement of any procurement activity under national competitive bidding, the Recipient's national competitive bidding procedures are consistent with the Procurement Guidelines. Any modifications or clarifications to such procedures agreed between the Recipient and ADB shall be set out in the Procurement Plan. Any subsequent change to the agreed modifications and clarifications shall become effective only after approval of such change by the Recipient and ADB.

##### Consulting Services

6. Except as ADB may otherwise agree and except as set forth in paragraph 7 below, the Recipient shall apply quality-and cost-based selection for selecting and engaging Consulting Services.
7. The Recipient shall recruit the individual consultants for the Project in accordance with procedures acceptable to ADB for recruiting individual consultants.

##### Industrial or Intellectual Property Rights

8. (a) The Recipient shall ensure that all Goods and Works procured (including without limitation all computer hardware, software and systems, whether separately procured or incorporated within other goods and services procured) do not violate or infringe any industrial property or intellectual property right or claim of any third party.

(b) The Recipient shall ensure that all contracts for the procurement of Goods and Works contain appropriate representations, warranties and, if appropriate, indemnities from the contractor or supplier with respect to the matters referred to in subparagraph (a) of this paragraph.

9. The Recipient shall ensure that all ADB-financed contracts with consultants contain appropriate representations, warranties and, if appropriate, indemnities from the consultants to ensure that the consulting services provided do not violate or infringe any industrial property or intellectual property right or claim of any third party.

#### ADB's Review of Procurement Decisions

10. Contracts procured under international competitive bidding procedures and contracts for Consulting Services shall be subject to prior review by ADB, unless otherwise agreed between the Recipient and ADB and set forth in the Procurement Plan.

11. In the case of a contract for Goods or Works, which is subject to ADB's prior review, the Recipient shall seek ADB's prior approval of any modification or waiver of the terms and conditions of the contract, including:

- (a) granting an extension of the stipulated time for completion of a contract for a period of 1 month or more, or which is likely to require an extension of the Loan Closing Date, and
- (b) increases in aggregate of the original price by more than 5% (for the avoidance of doubt, such increase shall take into account any previous change under such contract).

12. In the case of a contract for Goods or Works, which is subject to ADB's post review, ADB shall review the required contract modification or waiver and respond to the Recipient as soon as practicable, but not later than 1 month after the receipt of the required document.

13. The Recipient shall provide to ADB copies of all time extensions, modifications or waivers to the contracts (including change orders) within 1 month following amendment of the contract.