

---

GRANT NUMBER 0341-TAJ (SF)

GRANT AGREEMENT  
(Special Operations)

(Central Asia Regional Economic Cooperation  
Regional Improvement of Border Services Project)

between

REPUBLIC OF TAJIKISTAN

and

ASIAN DEVELOPMENT BANK

DATED April 24, 2013.

---

REG 46124

**GRANT AGREEMENT  
(Special Operations)**

GRANT AGREEMENT dated 24, April, 2013 between REPUBLIC OF TAJIKISTAN ("Recipient") and ASIAN DEVELOPMENT BANK ("ADB").

WHEREAS

(A) the Recipient has applied to ADB for a grant for the purposes of the Project described in Schedule 1 to this Grant Agreement;

(B) the Project forms part of a regional project covering the Recipient and the Kyrgyz Republic for the improvement of border services; and

(C) ADB has agreed to make a grant to the Recipient from ADB's Special Funds resources 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 Special Operations Grant Regulations of ADB, dated 7 February 2005 ("Grant Regulations"), are hereby made applicable to this Grant Agreement with the same force and effect as if they were fully set forth herein.

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

(a) "CAREC" means Central Asia Regional Economic Cooperation Program, with ADB as its Secretariat as of the date of this Grant Agreement;

(b) "Consulting Guidelines" means the Guidelines on the Use of Consultants by Asian Development Bank and its Borrowers (2010, as amended from time to time);

(c) "Consulting Services" means the services to be financed out of the proceeds of the Grant as described in paragraph 3 of Schedule 1 to this Grant Agreement;

(d) "Goods" means equipment and materials to be financed out of the proceeds of the Grant, including related services such as transportation, insurance, installation, commissioning, training, and initial maintenance, but excluding Consulting Services;

(e) "HIV/AIDS" means human immunodeficiency virus/acquired immunodeficiency syndrome;

(f) "Implementing Agency" means the Customs Service of the Recipient or any successor thereto acceptable to ADB;

(g) "Initial Environmental Examination" or "IEE" means the initial environmental examination for the Project, including any update thereto, prepared and submitted by the Recipient and cleared by ADB;

(h) "Loan Disbursement Handbook" means ADB's Loan Disbursement Handbook (2012, as amended from time to time);

(i) "PAM" means the Project administration manual for the Project dated 31 October 2012 and agreed between the Recipient and ADB, as updated from time to time in accordance with the respective administrative procedures of the Recipient and ADB;

(j) "Procurement Guidelines" means ADB's Procurement Guidelines (2010, as amended from time to time);

(k) "Procurement Plan" means the procurement plan for the Project dated 31 October 2012 and agreed between the Recipient and ADB, as updated from time to time in accordance with the Procurement Guidelines, the Consulting Guidelines, and other arrangements agreed with ADB;

(l) "Project Executing Agency" for the purposes of, and within the meaning of, the Grant Regulations means Ministry of Economic Development and Trade of the Recipient or any successor thereto acceptable to ADB, which is responsible for the carrying out of the Project;

(m) "Project facilities" means facilities to be constructed, rehabilitated, upgraded, installed, developed or operationalized under the Project;

(n) "Safeguard Policy Statement" or "SPS" means ADB's Safeguard Policy Statement (2009); and

(o) "Works" means construction or civil works to be financed out of the proceeds of the Grant, including services such as drilling or mapping, and Project related services that are provided as part of a single responsibility or turnkey contract, but excluding Consulting Services.

## ARTICLE II

### The Grant

Section 2.01. ADB agrees to make available to the Recipient from ADB's Special Funds resources an amount of nine million two hundred and two thousand Dollars (\$9,202,000).

### 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 2 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 3 to this Grant Agreement.

Section 3.04. Except as ADB may otherwise agree, the Recipient shall cause all items of expenditure financed out of the proceeds of the Grant to be used exclusively in the carrying out of the Project.

Section 3.05. Withdrawals from the Grant Account in respect of Goods, Works and Consulting Services shall be made only on account of expenditures relating to:

- (a) Goods which are produced in and supplied from and Works and Consulting Services which are supplied from such member countries of ADB as shall have been specified by ADB from time to time as eligible sources for procurement; and
- (b) Goods, Works and Consulting Services which meet such other eligibility requirements as shall have been specified by ADB from time to time.

Section 3.06. The Grant Closing Date for the purposes of Section 8.02 of the Grant Regulations shall be 30 June 2018 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 this Grant 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 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 the imprest account(s) 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.

## **ARTICLE V**

### **Effectiveness**

Section 5.01. 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 VI****Miscellaneous**

Section 6.01. 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 6.02. The following addresses are specified for the purposes of Section 11.01 of the Grant Regulations:

For the Recipient

Ministry of Finance of the Republic of Tajikistan  
3, Akademika Rajabovikh Street  
734025, Dushanbe, Tajikistan

## Facsimile Numbers:

(992) 372 213764  
(992) 372 214205  
(992) 372 216796.

For ADB


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

## Facsimile Numbers:

(632) 636-2444  
(632) 636-2428.

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   
SAFARALI NAJMUDDINOV  
Minister of Finance

ASIAN DEVELOPMENT BANK

By   
CHANG CHING YU  
Country Director  
Tajikistan Resident Mission

## SCHEDULE 1

### Description of the Project

1. The objective of the Project is to achieve faster, more predictable, and cost efficient cross-border transport and trade activities in the CAREC countries.
2. The Project shall comprise:
  - (a) improvement of the Guliston border crossing point, including upgrade and outfitting of terminal facilities and provision of communications, office and customs inspection equipment;
  - (b) establishment of a national single window facility in Tajikistan, including (i) development of single window system and trade portal software, certificate of origin and license track and trace systems, and enhancement and integration of the unified automated information system of Customs Service of the Recipient with such single window system; (ii) provision of single window system, regional center and trade portal hardware; (iii) operational assistance to the single window governance and working groups; (iv) business process analysis and re-engineering; (v) legal and regulatory framework review and proposal; and (vi) stakeholder engagement and public awareness activities; and
  - (c) Project management support to the Implementing Agency including engineering and procurement support, contract supervision and external audits.
3. The Project includes the provision of consulting services for preconstruction activities, Project management, construction supervision, single window institutional and technical support and activities referred to in paragraph 2(c) above relating to Project management support to the Implementing Agency.
4. The Project is expected to be completed by 31 December 2017.



**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</b> <b>(Central Asia Regional Economic Cooperation</b> <b>Regional Improvement of Border Services Project)</b>				
Number	Item	Total Amount Allocated for ADB Financing (\$)		Basis for Withdrawal from the Grant Account
		Category	Subcategory	
1	Border crossing point (BCP) improvement	1,815,000		
1A	Guliston BCP (Works)		615,000	100 percent of total expenditure claimed*
1B	Guliston BCP (Goods)		1,200,000	100 percent of total expenditure claimed*
2	National Single window development	5,054,000		
2A	Single window system development (Goods)		2,954,000	100 percent of total expenditure claimed*
2B	Single window institutional and technical support (Consulting Services)		2,100,000	100 percent of total expenditure claimed*
3	Project Management and Supervision	1,366,000		
3A	Project implementation support under Project implementation unit		1,116,000	100 percent of total expenditure claimed*
3B	Auditing		100,000	100 percent of total expenditure claimed*
3C	Office equipment, vehicle and miscellaneous expenses		150,000	100 percent of total expenditure claimed*
4	Unallocated	967,000		
	Total	9,202,000		

\* 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 the methods of procurement set forth below:
  - (a) International Competitive Bidding
  - (b) National Competitive Bidding.
4. The methods of procurement are subject to, among other things, the detailed arrangements and threshold values set forth in the Procurement Plan. The Recipient may only modify the method 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.

##### Conditions for Award of Contract

6. The Recipient shall not award any Works contracts which involve environmental impacts until the Department of Environmental Protection of the Recipient has granted the final approval of the IEE.

##### Consulting Services

7. Except as ADB may otherwise agree, and except as set forth in paragraph 8 below, the Recipient shall apply quality-and cost-based selection for selecting and engaging Consulting Services.
8. The Recipient may recruit the individual consultants for Project management support, provided that such recruitment is made in accordance with procedures acceptable to ADB for recruiting individual consultants.

Industrial or Intellectual Property Rights

9. (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.

10. 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

11. 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.

12. 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 Grant 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).

13. 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.

## SCHEDULE 4

### Execution of Project

#### Implementation Arrangements

1. The Recipient, through the Project Executing Agency, shall ensure that the Project is implemented in accordance with the detailed arrangements set forth in the PAM. Any subsequent change to the PAM shall become effective only after approval of such change by the Recipient and ADB. In the event of any discrepancy between the PAM and this Grant Agreement, the provisions of this Grant Agreement shall prevail.

2. (a) The Recipient shall ensure effective coordination and consultation among the Project Executing Agency, the Implementing Agency, other relevant government agencies, and the private sector in relation to implementation of the Project.

(b) Within 45 days from the Effective Date, the Recipient shall ensure that the Project steering committee is established in accordance with the PAM.

3. The Recipient shall ensure that within 15 days from the Effective Date, the Project Executing Agency and the Implementing Agency shall establish the Project implementation unit, and that such Project implementation unit shall remain adequately staffed and equipped in accordance with the PAM until the Project is completed.

4. Within one year from the Effective Date, the Recipient shall ensure that a Project monitoring and evaluation system satisfactory to ADB will be established.

#### Construction Quality and Inter-operability; Operation and Maintenance

5. The Recipient shall ensure that training plan for development and operation of the single window system will be delivered on time and that the relevant staff of the Implementing Agency will be required to attend such training.

6. The Recipient shall ensure that ADB's consent is obtained at least 6 months prior to the implementation of any of the following: (a) any change in ownership of any asset, facility or structure financed under the Project; (b) any sale, transfer, or assignment of interest or control in any asset, facility or structure financed under the Project; or (c) any lease or other contract or modification of the functions and authority of the Customs Service of the Recipient over operation and maintenance of any such asset, facility or structure.

7. The Recipient shall ensure that (a) the improvement of the Guliston border crossing point under the Project is carried out in accordance with the agreed design and technical specifications in accordance with national standards and satisfactory to ADB; (b) construction supervision, quality control, and contract management are in accordance with internationally accepted standards and practices; and (c) the single window facilities under the Project will adopt international standards to ensure regional inter-operability and that the recommendations related to single window development as issued by the United Nations Economic Commission for Europe will be followed.

8. The Recipient shall prepare and submit to ADB an operations and maintenance plan satisfactory to ADB not later than 12 months before the expected Project completion date. The plan shall address operations and maintenance of the Project facilities, including but not limited to plans on recruiting or retaining qualified technical staff for the operation of the single window system.

#### Enabling conditions

9. The Recipient shall ensure that the "Support to the Establishment of Single Window for Export, Import and Transit Procedures in the Republic of Tajikistan" project financed by the European Union will be implemented in a timely manner.

10. In order to ensure that the Implementing Agency has adequate legal powers to implement the single window system as financed under the Project, the Recipient shall (a) promptly consider the recommendations regarding legislative and/or regulatory amendments required for facilitating the adoption, operation, and mandatory use of the single window facilities developed under the Project; (b) consult with ADB on any comments thereon; and (c) formally approve such recommendations (with amendments as necessary) and submit such proposed legislative or regulatory changes to the relevant authority for approval within 2 years from Effective Date.

#### Border crossing

11. The Recipient shall use its best efforts to implement the cross border cooperation agreements to which it is party, particularly those for customs and transport cooperation.

12. Within 30 months from the Effective Date, the Recipient shall, in joint collaboration with the Kyrgyz Republic, use its best efforts to start the pilot of Joint Customs Control with the Kyrgyz Republic at the Karamyk BCP under the framework of CAREC Customs Cooperation Committee.

13. The Recipient shall ensure strict border control to prevent the illegal trafficking of humans, wildlife, endangered species and illegal substances through the Guliston border crossing point.

14. The Recipient shall ensure that all heavy commercial vehicles are weighed when entering and leaving Tajikistan at Guliston border crossing point, and that all heavy commercial vehicles on the roads leading to the Guliston border crossing point are routinely checked according to applicable legislation and international standards. The Recipient shall ensure that the penalties under the legislation for vehicles found to be loaded in excess of the permitted maximum load are strictly imposed and transparently transferred to the state budget.

#### Safeguards

15. The Recipient shall ensure that the Project does not have any environmental, indigenous peoples or involuntary resettlement impacts, all within the meaning of SPS. In the event that the Project does have any such impact, the Recipient shall take all steps required

to ensure that the Project complies with the applicable laws and regulations of the Recipient and with the SPS.

#### Prohibited List of Investments

16. The Recipient shall ensure that no proceeds of the Grant are used to finance any activity included in the list of prohibited investment activities provided in Appendix 5 of the SPS.

#### Social Development Action Plan

17. The Recipient shall ensure that the social development action plan as set out in the PAM will be implemented in a timely manner and report the progress of such implementation to ADB semi-annually.

#### Labor Standards

18. The Recipient shall ensure that the civil works contracts incorporate provisions to the effect that the contractors shall: (a) comply with applicable core labor standards and labor laws, and incorporate applicable workforce occupational safety norms; (b) not differentiate payment between men and women for work of equal value; (c) not employ child labor; (d) abstain from forced or compulsory labor; (e) abstain from employment discrimination; (f) allow for freedom of association; (g) to the extent possible, maximize employment of local poor and disadvantaged persons for Project construction purposes, provided that the requirements for job and efficiency are adequately met; and (h) provide safe working conditions.

19. The Recipient shall ensure that the civil works contractors disseminate information (in local languages) on the risks of sexually-transmitted diseases, including HIV/AIDs, in health and safety programs for all construction works at campsites. The Recipient shall ensure that specific provisions to this effect shall be included in the bidding documents and civil works contracts, and the Recipient shall ensure that compliance shall be strictly monitored by the Implementing Agency.

#### Governance and Anticorruption

20. The Recipient, including the Project Executing Agency and the Implementing Agency, shall (a) comply with ADB's Anticorruption Policy (1998, as amended to date) and acknowledge that ADB reserves the right to investigate directly, or through its agents, any alleged corrupt, fraudulent, collusive or coercive practice relating to the Project; and (b) cooperate with any such investigation and extend all necessary assistance for satisfactory completion of such investigation.

21. The Recipient shall ensure that the anticorruption provisions acceptable to ADB are included in all bidding documents and contracts, including provisions specifying the right of ADB to audit and examine the records and accounts of the executing and implementing agencies and all contractors, suppliers, consultants, and other service providers as they relate to the Project.

22. The Recipient shall ensure that updated information on the Project on the website of the Implementing Agency. Such information shall reflect the performance of the Project, business opportunities, bidding process and guidelines, outcome of biddings and summary progress reports of the Project.