
GRANT NUMBER 0576-TAJ(SF)

GRANT AGREEMENT
(Special Operations)

(Water Resources Management in Pyanj River Basin Project – Additional Financing)

between

REPUBLIC OF TAJIKISTAN

and

ASIAN DEVELOPMENT BANK

DATED 3 August 2018

TAJ 47181

**GRANT AGREEMENT
(Special Operations)**

GRANT AGREEMENT dated 3 August 2018 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 Recipient has also applied to the Green Climate Fund ("GCF") administered by ADB for a grant for the purposes of financing part of the Project and by an agreement between the Recipient and ADB ("GCF Grant Agreement"), ADB has agreed to make to the Recipient a grant of five million Dollars (\$5,000,000) provided by the GCF ("GCF Grant"); 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 ADB's Special Operations Grant Regulations, dated 1 January 2017 ("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) "CEP" means the Recipient's Committee of Environmental Protection, or any successor thereto;
- (b) "Consulting Guidelines" means the Guidelines on the Use of Consultants by Asian Development Bank and its Borrowers (2013, as amended from time to time);
- (c) "Consulting Services" means the services to be financed out of the proceeds of the Grant to support the activities as described in paragraph 2 of Schedule 1 to this Grant Agreement;

- (d) "EMP" means the environmental management plan for the Project, including any update thereto, incorporated in the IEE;
- (e) "Environmental Safeguards" means the principles and requirements set forth in Chapter V, Appendix 1, and Appendix 4 (as applicable) of the SPS;
- (f) "GAP" means the gender action plan prepared for the Project, including any update thereto, and agreed to between the Recipient and ADB;
- (g) "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;
- (h) "Hydromet" means the State Agency for Hydrometeorology under CEP or any successor thereto;
- (i) "IEE" means the initial environmental examination for the Project, including any update thereto, prepared and submitted by the Recipient and cleared by ADB;
- (j) "Loan Disbursement Handbook" means ADB's Loan Disbursement Handbook (2017, as amended from time to time);
- (k) "O&M" means operation and maintenance;
- (l) "PAM" means the project administration manual for the Project dated 25 April 2018 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;
- (m) "PIG" means the project implementation group;
- (n) "Procurement Guidelines" means ADB's Procurement Guidelines (2015, as amended from time to time);
- (o) "Procurement Plan" means the procurement plan for the Project dated 25 April 2018 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;
- (p) "Project Executing Agency" for the purposes of, and within the meaning of, the Grant Regulations means Hydromet or any successor thereto acceptable to ADB, which is responsible for the carrying out of the Project;
- (q) "Project facilities" means the equipment, material, supplies and facilities provided or rehabilitated, or to be provided or rehabilitated, under the Project;

- (r) "Safeguards Monitoring Report" means each report prepared and submitted by the Recipient to ADB that describes progress with implementation of and compliance with the EMP (as applicable), including any corrective and preventative actions;
- (s) "SPS" means ADB's Safeguard Policy Statement (2009); and
- (t) "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 six million five hundred thousand Dollars (\$6,500,000).

ARTICLE III

Use of Proceeds of the Grant

Section 3.01. The Recipient shall cause the proceeds of the Grant to be applied exclusively 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. The Grant Closing Date for the purposes of Section 8.02 of the Grant Regulations shall be 31 December 2023 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 financial reporting standards 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 auditing standards acceptable to ADB; (iv) as part of each such audit, have the auditors prepare a report, which includes the auditors' opinion(s) on the financial statements and the use of the Grant proceeds, 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 14 days of the date of ADB's confirmation of their acceptability 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

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 grant under the GCF Grant Agreement shall have become liable for suspension or cancellation.

ARTICLE VI**Effectiveness**

Section 6.01. The following is specified as an additional condition to the effectiveness of this Grant Agreement for the purposes of Section 9.01(e) of the Grant Regulations: the GCF Grant Agreement shall have been duly executed and delivered, and all conditions precedent to its effectiveness (other than a condition requiring the effectiveness of this Grant Agreement) shall have been fulfilled or arrangements satisfactory to ADB shall have been made for the fulfillment thereof within a period of time satisfactory to ADB.

Section 6.02. The following is specified as an additional matter, for the purposes of Section 9.02(c) of the Grant Regulations, to be included in the opinion or opinions to be furnished to ADB: that the GCF Grant Agreement has been duly authorized or ratified by, and executed and delivered on behalf of, the Recipient, and is legally binding upon the Recipient in accordance with its terms.

Section 6.03. 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
3, Akademikov Rajabovich Avenue
734025 Dushanbe City
Tajikistan

Facsimile Numbers:

(992) 372-213-329
(992) 372-216-237

For ADB

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

Facsimile Numbers:

(632) 636-2444
(632) 636-2017.

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 

QAHHORZODA FAIZIDDIN SATTOR
Minister
Ministry of Finance

ASIAN DEVELOPMENT BANK

By 

PRADEEP SRIVASTAVA
Country Director
Tajikistan Resident Mission

SCHEDULE 1**Description of the Project**

1. The objective of the Project is to increase agricultural productivity and relevance of forecasting services in the Pyanj River Basin.
2. The Project shall comprise the following:
 - (a) installation of monitoring devices and warning systems; development of a flood forecasting model for selected pilot areas; and training of Hydromet staff and target communities on the flood warning systems, forecasting, and disaster preparedness;
 - (b) modernization of Hydromet's operations center, including construction of the office building and ancillary structures;
 - (c) support for legal and organizational transformation of Hydromet into a state entity with flexibility to set staff salaries and retain additional commercial revenue and for its capacity building in line with the updated legal framework; and
 - (d) support for development and implementation of a viable business model through marketing of fee-based services, including training on the operation and maintenance of the subscription platform and product development.
3. The Project is expected to be completed by 30 June 2023.

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 of the Table.)

Basis for Withdrawal from the Grant Account

2. Except as ADB may otherwise agree, the proceeds of the Grant shall be allocated to items of expenditure, and disbursed on the basis of the withdrawal percentage for each item of expenditure, as 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, by notice to 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, by notice to 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

ALLOCATION AND WITHDRAWAL OF GRANT PROCEEDS			
Number	Item	Total Amount Allocated for ADB Financing (\$) Category	Basis for Withdrawal from the Grant Account
1	Civil Works (Mixed-use Buildings)	3,523,426	100% of total expenditure claimed*
2	Study, Survey and Design; Training and Workshops; Capacity Building	253,433	36.20% of total expenditure claimed*
3	Consulting Services (Project Management)	513,374	36.20% of total expenditure claimed*
4	Equipment; O&M Equipment; Office/Vehicle O&M and Audit	922,080	36.20% of total expenditure claimed*
5	PIG Salaries	675,000	100% of total expenditure claimed
6	Unallocated	612,687	
	TOTAL	6,500,000	

* Exclusive of taxes and duties, except income tax and social tax, 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. Except as ADB may otherwise agree, Goods and Works shall be procured and Consulting Services shall be selected and engaged only on the basis of the procurement methods and the selection method set forth below. These methods are subject to, among other things, the detailed arrangements and threshold values set forth in the Procurement Plan. The Recipient may only modify the procurement methods and the selection method or threshold values with the prior agreement of ADB, and modifications must be set out in updates to the Procurement Plan.
3. 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.

Eligible Source of Procurement of Goods, Works and Consulting Services

4. Goods, Works and Consulting Services may also be procured under the Project from non-member countries of ADB.

Goods and Works

5. Goods and Works shall be procured on the basis of procurement methods set forth below:
 - (a) International Competitive Bidding;
 - (b) National Competitive Bidding; and
 - (c) Shopping.

National Competitive Bidding

6. 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

7. The Recipient shall not award any Works contract which involves environmental impacts until:

- (a) CEP has granted the final approval of the IEE; and
- (b) the Recipient has incorporated the relevant provisions from the EMP into the Works contract.

Consulting Services

8. Except as ADB may otherwise agree, the Recipient shall apply Quality- and Cost-Based Selection for Consulting Services.

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.

14. 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.

SCHEDULE 4**Execution of Project and Operation of
Project Facilities; Financial Matters**Implementation Arrangements

1. The Recipient 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.

Environment

2. The Recipient shall ensure that the preparation, design, construction, implementation, operation and decommissioning of the Project and all Project facilities comply with (a) all applicable laws and regulations of the Recipient relating to environment, health and safety; (b) the Environmental Safeguards; and (c) all measures and requirements set forth in the IEE, the EMP, and any corrective or preventative actions set forth in a Safeguards Monitoring Report.

Indigenous Peoples and Involuntary Resettlement

3. The Recipient shall ensure that the Project does not have any indigenous peoples or involuntary resettlement impacts, all within the meaning of the 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.

Human and Financial Resources to Implement Safeguards Requirements

4. The Recipient shall make available necessary budgetary and human resources to fully implement the EMP.

Safeguards – Related Provisions in Bidding Documents and Works Contracts

5. The Recipient shall ensure that all bidding documents and contracts for Works contain provisions that require contractors to:

- (a) comply with the measures relevant to the contractor set forth in the IEE and the EMP (to the extent they concern impacts on affected people during construction), and any corrective or preventative actions set forth in a Safeguards Monitoring Report;
- (b) make available a budget for all such environmental and social measures; and
- (c) provide the Recipient with a written notice of any unanticipated environmental, resettlement or indigenous peoples risks or impacts that

arise during construction, implementation or operation of the Project that were not considered in the IEE and the EMP.

Safeguards Monitoring and Reporting

6. The Recipient shall do the following:
- (a) submit semiannual Safeguards Monitoring Reports to ADB and disclose relevant information from such reports to affected persons promptly upon submission;
 - (b) if any unanticipated environmental and/or social risks and impacts arise during construction, implementation or operation of the Project that were not considered in the IEE and the EMP, promptly inform ADB of the occurrence of such risks or impacts, with detailed description of the event and proposed corrective action plan; and
 - (c) report any actual or potential breach of compliance with the measures and requirements set forth in the EMP promptly after becoming aware of the breach.

Prohibited List of Investments

7. 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.

Labor Standards, Health and Safety

8. The Recipient shall ensure that the core labor standards and the Recipient's applicable laws and regulations are complied with during Project implementation. The Recipient shall include specific provisions in the bidding documents and contracts financed by ADB under the Project requiring that the contractors, among other things: (a) comply with the Recipient's applicable labor law and regulations and incorporate applicable workplace occupational safety norms; (b) do not use child labor; (c) do not discriminate workers in respect of employment and occupation; (d) do not use forced labor; (e) allow freedom of association and effectively recognize the right to collective bargaining; and (f) disseminate, or engage appropriate service providers to disseminate, information on the risks of sexually transmitted diseases, including HIV/AIDS, to the employees of contractors engaged under the Project and to members of the local communities surrounding the Project area, particularly women.

9. The Recipient shall strictly monitor compliance with the requirements set forth in paragraph 8 above and provide ADB with regular reports.

Gender and Development

10. The Recipient shall ensure that (a) the GAP is implemented in accordance with its terms; (b) the bidding documents and contracts include relevant provisions for contractors to comply with the measures set forth in the GAP; (c) adequate resources are allocated for implementation of the GAP; and (d) progress on implementation of the GAP, including progress

toward achieving key gender outcome and output targets, are regularly monitored and reported to ADB.

Counterpart Support

11. The Recipient shall ensure that Hydromet has sufficient funds to satisfy its liabilities arising from any Works, Goods and/or Consulting Services contract.

Project Website

12. The Recipient shall ensure that Hydromet uses its existing website or the project website to present financial statements and track procurement contract awards, and include information on, among other things, the list of participating bidders, name of winning bidders, basic details on bidding procedures adopted, amounts of the contracts awarded, the list of goods and/or services purchased, their intended and actual utilization, and results of the safeguards monitoring.

Grievance Redress Mechanism

13. The Recipient shall ensure that a separate safeguards grievance redress mechanism acceptable to ADB is established in accordance with the provisions of the IEE and the EMP at the PIG, within the timeframes specified in the relevant EMP, to consider safeguards complaints.

Operational Covenants

14. The Recipient shall ensure that the PIG headed by Director and adequately staffed is established in Hydromet within 15 days of the Effective Date.

15. The Recipient shall ensure that, within 36 months of the Effective Date, a plan for sustainable O&M for Hydromet, including improved asset management, budget guidelines, and 5-year O&M budget projection, satisfactory to ADB approved by the steering committee established for the Project as described in the PAM ("Steering Committee"). The 5-year O&M budget projection shall be annually updated, submitted to ADB for review and subsequently approved by the Steering Committee.

16. The Recipient shall ensure that (a) for the entire duration of the Project, an annual state budget is made available to Hydromet to adequately cover O&M costs in line with approved O&M plan; and (b) for a period of no less than 5 years following Project completion (unless otherwise agreed between ADB and the Recipient), the annual budget allocations and salary levels for Hydromet are submitted to ADB for information.

Legal Transformation of Hydromet

17. The Recipient shall take timely measures to transform Hydromet into a state entity with a new charter or regulation, as appropriate. The Hydromet shall have (a) a board with a compositions and responsibilities appropriate to its new legal form and structure; (b) the right to create staff positions, and amend and set salaries in line with applicable national laws; (c) the right to seek, retain, and use entrepreneurial (commercial) income including from rental of building facilities, sale of information products, and advisory services; and (d) the right to

provide housing facilities on new campus only to the employees of Hydromet. The recipient shall ensure that the Law on Hydrometeorology is appropriately amended to reflect the foregoing.

Hydromet Campus

18. The Recipient shall ensure that the location referred to as the new Hydromet campus is the land, buildings, and associated facilities located in Sino district of Dushanbe at approximately 38.569875N, 68.742161E.

19. The Recipient shall ensure that, within 3 months of Effective Date, all unfinished buildings in the new campus are transferred to Hydromet and its right to use the buildings are duly registered in the unified state register for real estate and rights. The Recipient shall ensure that any building constructed under the Project are transferred to Hydromet with the right to possess and use, the registration of which must be confirmed through submission of documents satisfactory to ADB. The Recipient shall also ensure that all new construction to be undertaken under the Project is initiated by and/or registered in the name of Hydromet.

20. The Recipient shall ensure that ADB is consulted and its view sought at least 6 months prior to the implementation of any of the following: (a) any change in subsequent ownership of any asset, facility or structure financed under the Project or associated land; and (b) any modification of the functions and authority of Hydromet over operation and maintenance of any such asset, facility or structure financed under the Project or associated land that may negatively affect the Project and its objectives.

Governance and Anticorruption

21. The Recipient 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.

22. 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.