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GRANT NUMBER 0859-TAJ(SF)  
[Additional to Grant No. 0752-TAJ(SF)]

GRANT AGREEMENT  
(Special Operations)

(Road Network Sustainability Project – Additional Financing)

between

REPUBLIC OF TAJIKISTAN

and

ASIAN DEVELOPMENT BANK

DATED 4 November 2022

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TAJ 54005

**GRANT AGREEMENT  
(Special Operations)**

GRANT AGREEMENT dated 4 November 2022 between REPUBLIC OF TAJIKISTAN ("Recipient") and ASIAN DEVELOPMENT BANK ("ADB").

WHEREAS

(A) by a grant agreement dated 25 December 2020 between the Recipient and ADB ("Initial Grant Agreement"), ADB agreed to make a grant to the Recipient in the amount of sixty-seven million four hundred ninety thousand Dollars (\$67,490,000) from ADB's Special Funds resources, for the purposes of the project described in Schedule 1 to the Initial Grant Agreement;

(B) the Recipient has applied to ADB for an additional grant for the purposes of the Project described in Schedule 1 to this Grant Agreement; 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 2022 ("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) "Consulting Services" means consulting services as described in the Procurement Regulations and set out in the Procurement Plan, and to be financed out of the proceeds of the Grant;
- (b) "EMP" means the environmental management plan for the Project, including any update thereto, incorporated in the IEE;
- (c) "Environmental Safeguards" means the principles and requirements set forth in Chapter V, Appendix 1, and Appendix 4 (as applicable) of the SPS;
- (d) "GAP" means the gender action plan prepared for the Project, including any update thereto, and agreed to between the Recipient and ADB;

- (e) "IEE" means the initial environmental examination for the Project, including any update thereto, prepared and submitted by the Recipient and cleared by ADB;
- (f) "Involuntary Resettlement Safeguards" means the principles and requirements set forth in Chapter V, Appendix 2, and Appendix 4 (as applicable) of the SPS;
- (g) "LARP" means the land acquisition and resettlement plan 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 (2022, as amended from time to time);
- (i) "MOT" means the Ministry of Transport of the Recipient;
- (j) "Nonconsulting Services" means nonconsulting services as described in the Procurement Regulations and set out in the Procurement Plan, and to be financed out of the proceeds of the Grant;
- (k) "PAM" means the project administration manual for the Project dated 25 August 2022 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;
- (l) "Procurement Plan" means the procurement plan for the Project dated 25 August 2022 and agreed between the Recipient and ADB, as updated from time to time in accordance with the Procurement Policy, the Procurement Regulations, and other arrangements agreed with ADB;
- (m) "Procurement Policy" means ADB's Procurement Policy – Goods, Works, Nonconsulting and Consulting Services (2017, as amended from time to time);
- (n) "Procurement Regulations" means ADB's Procurement Regulations for ADB Borrowers - Goods, Works, Nonconsulting and Consulting Services (2017, as amended from time to time);
- (o) "Project Executing Agency" for the purposes of, and within the meaning of the Grant Regulations means MOT or any successor thereto acceptable to ADB, which is responsible for the carrying out of the Project;
- (p) "Project facilities" means the Project Roads, and Works financed out of the proceeds of the Grant;
- (q) "Project Roads" means the roads described in subparagraph 2(a) of Schedule 1 to this Grant Agreement;
- (r) "RAMS" means the road asset management system of the Recipient;

- (s) "Safeguard Policy Statement" or "SPS" means ADB's Safeguard Policy Statement (2009);
- (t) "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 and the LARP (as applicable), including any corrective and preventative actions;
- (u) "Services" means Consulting Services and Nonconsulting Services; and
- (v) "Works" means construction or civil works as set out in the Procurement Plan and to be financed out of the proceeds of the Grant, including any related Nonconsulting Services and project related services that are provided as part of a single responsibility or turnkey contract.

## **ARTICLE II**

### **The Grant**

Section 2.01. ADB agrees to make available to the Recipient from ADB's Special Funds resources an amount of forty-three million two hundred thousand Dollars (\$43,200,000).

## **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. Withdrawals from the Grant Account in respect of Works and Services shall be made only on account of expenditures relating to:

- (a) Works and 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) Works and 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 31 December 2025 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 3 to this Grant Agreement.

Section 4.02. (a) The Recipient, through MOT, 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, Works and Services, and any relevant records and documents.

## ARTICLE V

### Effectiveness

Section 5.01. A date 90 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

### Termination

Section 6.01. The Grant Agreement and all obligations of the parties thereunder shall terminate on a date 20 years after the date of this Agreement.

## 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  
Foteh Niyozhi Street  
734025 Dushanbe  
Republic of Tajikistan

Facsimile Numbers:

(992 37) 221-6410

#### For ADB

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

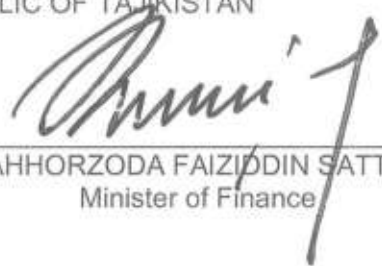
Facsimile Numbers:

(632) 8636-2444  
(632) 8636-2428.

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

  
\_\_\_\_\_  
QAHHORZODA FAIZIDDIN SATTOR  
Minister of Finance

ASIAN DEVELOPMENT BANK

By

  
\_\_\_\_\_  
SHANNY CAMPBELL  
Country Director  
Tajikistan Resident Mission

**SCHEDULE 1****Description of the Project**

1. The objective of the Project is improvement of safety and reliability of the road network in the southern territory of the Recipient.
2. The Project shall comprise the following:
  - (a) rehabilitation of approximately 40 km of climate-resilient road between Okmazor and Bokhtar, consisting of a two-lane subsection between Okmazor and Levakand, and a four-lane subsection between Levakand and Bokhtar;
  - (b) development of the RAMS database, including (i) assistance in the data collection of the country's major international highways' conditions and profiles; and (ii) training of the RAMS unit (the Road and Transport Digitalization Unit) staff and selected MOT staff in managing the collected data in the RAMS database; and
  - (c) enhancement of women's access to economic opportunities, including (i) designing and implementing a knowledge distribution program on entrepreneurship and household financial management; (ii) providing skills training on business development and income generation activities in areas of high demands; and (iii) facilitating access to the Recipient's targeted grants for women entrepreneurs.
3. The Project is expected to be completed by 30 June 2025.



**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.

Disbursement Procedures

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

Retroactive Financing

4. Withdrawals from the Grant Account may be made to finance eligible expenditures incurred under the Project before the Effective Date, but not earlier than 12 months before the date of this Grant Agreement in connection with Works and Consulting Services, subject to a maximum amount equivalent to 20% of the Grant amount.

TABLE

ALLOCATION AND WITHDRAWAL OF GRANT PROCEEDS			
Number	Item	Total Amount Allocated for ADB Financing (\$)	Basis for Withdrawal from the Grant Account
		Category	
1	Works and Consulting Services	43,200,000	100% of total expenditure claimed*
	<b>TOTAL</b>	43,200,000	

\* Exclusive of taxes and duties imposed within the territory of the Recipient, as set out in Schedule 3, paragraph 18 of this Grant Agreement.

**SCHEDULE 3****Execution of Project and Operation of Project Roads; Financial Matters**Implementation Arrangements

1. The Recipient, through MOT, 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.

Procurement

2. The Recipient, through MOT, shall ensure that:
- (a) the procurement of Works and Services is carried out in accordance with the Procurement Policy and the Procurement Regulations;
  - (b) Works and Services shall be procured based on the detailed arrangements set forth in the Procurement Plan, including the procurement and selection methods, the type of bidding documents, and ADB's review requirements. The Recipient, through MOT, may modify the detailed arrangements set forth in the Procurement Plan only with the prior agreement of ADB, and such modifications must be set out in updates to the Procurement Plan; and
  - (c) (i) all Works procured and Services obtained (including 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; and (ii) all contracts for the procurement of Works and Services contain appropriate representations, warranties and, if appropriate, indemnities from the contractor, supplier, consultant or service provider with respect to the matters referred to in this subparagraph.

Conditions for Award of Contracts

3. The Recipient, through MOT, shall not award any Works contract which involves environmental impacts until:
- (a) the relevant environmental authority of the Recipient has granted the final approval of the IEE; and
  - (b) the Recipient, through MOT, has incorporated the relevant provisions from the EMP into the Works contract.

4. The Recipient, through MOT, shall not award any Works contract which involves involuntary resettlement impacts until the Recipient has prepared and submitted to ADB the final LARP based on the Project's detailed design and obtained ADB's clearance of such LARP.

#### Environment

5. The Recipient, through MOT, 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 the Safeguards Monitoring Report.

#### Land Acquisition and Involuntary Resettlement

6. The Recipient, through MOT, shall ensure that all land and all rights-of-way required for the Project are made available to the Works contractor in accordance with the schedule agreed under the related Works contract and all land acquisition and resettlement activities are implemented in compliance with (a) all applicable laws and regulations of the Recipient relating to land acquisition and involuntary resettlement; (b) the Involuntary Resettlement Safeguards; and (c) all measures and requirements set forth in the LARP, and any corrective or preventative actions set forth in the Safeguards Monitoring Report.

7. Without limiting the application of the Involuntary Resettlement Safeguards or the LARP, the Recipient, through MOT, shall ensure that no physical or economic displacement takes place in connection with the Project until:

- (a) compensation and other entitlements have been provided to affected people in accordance with the LARP; and
- (b) a comprehensive income and livelihood restoration program has been established in accordance with the LARP.

#### Indigenous Peoples

8. The Recipient, through MOT, shall ensure that the Project does not cause any indigenous peoples impact, all within the meaning of the SPS. In the event that the Project does have any such impact, the Recipient, through MOT, shall take all steps required to ensure that the Project complies with the applicable laws and regulations of the Recipient relating to indigenous peoples and the SPS.

#### Human and Financial Resources to Implement Safeguards Requirements

9. The Recipient, through MOT, shall make available necessary budgetary and human resources to fully implement the EMP and the LARP.

#### Safeguards – Related Provisions in Bidding Documents and Works Contracts

10. The Recipient, through MOT, 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, the EMP and the LARP (to the extent they concern impacts on affected people during construction), and any corrective or preventative actions set out in a Safeguards Monitoring Report;
- (b) make available a budget for all such environmental and social measures;
- (c) provide the Recipient, through MOT, 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, the EMP or the LARP;
- (d) adequately record the condition of roads, agricultural land and other infrastructure prior to starting to transport materials and construction;
- (e) reinstate pathways, other local infrastructure, and agricultural land to at least their pre-project condition upon the completion of construction; and
- (f) prepare and finalize a site-specific environmental management plan which shall be submitted to and approved by the Recipient prior to the commencement of any Works.

#### Safeguards Monitoring and Reporting

11. The Recipient, through MOT, shall:
- (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, the EMP, or the LARP, promptly inform ADB of the occurrence of such risks or impacts, with detailed description of the event and proposed time-bound corrective action plan;
  - (c) report any actual or potential breach of compliance with the measures and requirements set forth in the EMP or the LARP promptly after becoming aware of the breach; and
  - (d) prepare and submit to ADB a compliance report once all activities, measures and requirements set forth in the LARP are duly accomplished.

#### Prohibited List of Investments

12. 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.

#### Illegal Trafficking

13. The Recipient shall undertake adequate measures to detect and prevent trafficking of humans, wildlife, endangered species, and illegal substances on the Project Roads.

#### Labor Standards, Health and Safety

14. 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, through MOT, 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.

15. The Recipient shall strictly monitor compliance with the requirements set forth in paragraph 14 above and provide ADB with regular reports.

#### Gender and Development

16. 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 at least annually monitored and reported to ADB.

#### Change of Ownership

17. 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 the ownership of any asset, facility or structure financed under the Project, including the Project Roads; (b) any sale, transfer, or assignment of interest or control in any asset, facility or structure financed under the Project, including the Project Roads; or (c) any lease or other contract or modification of the functions and authority of MOT over operation and maintenance of any such asset, facility or structure financed under the Project, including the Project Roads. The Recipient shall ensure that any such changes are carried out in a legal and transparent manner.

#### Counterpart Funding

18. The Recipient shall ensure that, throughout the Project implementation period, adequate budgetary allocations of the required counterpart funds are approved and released in a timely manner. As part of its counterpart funding commitment, the Recipient shall ensure that no taxes (with the exception of corporate and personal income tax and social taxes), duties or similar mandatory payments are levied on the Project expenditures within its territory. In addition to the foregoing, the Recipient shall ensure that MOT has sufficient funds (through all necessary

budgetary allocations) to satisfy its liabilities arising from any Works or Services contract, under the Project.

#### Road Sector Covenants

19. The Recipient, through MOT, shall ensure that road safety measures identified in road safety audits of the Project Roads are timely and adequately implemented by the Works contractor to meet appropriate internationally-accepted road safety standards.

20. The Recipient, through MOT, shall ensure that (a) the Project Roads are included in the RAMS, no later than the physical completion of the Project; (b) the Project Roads are operated and maintained in good condition in accordance with the national standards, including close monitoring of performance of pavement systems; and (c) requisite maintenance to the Project Roads shall be financed from the Recipient's own resources (including the road maintenance fund to be established under paragraph 21 below) and shall be undertaken in a timely manner.

21. The Recipient, through MOT, shall ensure that by no later than 30 June 2024: (a) tailored tolling options shall have been developed and priority viable projects shall have been prepared; and (b) a dedicated road maintenance fund shall have been established to receive tolling revenues and other road user charges as the case may be. The Recipient, through MOT, shall ensure that sufficient investment is committed to ensure the financial sustainability of the road maintenance fund.

#### Construction Quality

22. The Recipient, through MOT, shall ensure that the Project is carried out in accordance with the applicable design and technical specifications in accordance with national standards and satisfactory to ADB; and that the construction supervision, quality control, and contract management are in accordance with internationally accepted standards and practices.

23. The Recipient shall ensure, and cause MOT to ensure that throughout Project implementation, applicable climate proofing measures are incorporated in the design and technical specifications of the Project Roads, based on the climate change assessment carried out during appraisal.

#### Governance and Anticorruption

24. The Recipient, MOT, and the implementing agencies 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.

25. The Recipient, MOT and the implementing agencies 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.

Information Disclosure

26. Throughout the period of Project implementation, MOT shall (a) maintain and regularly update its website with relevant information on the Project implementation and monitoring; and (b) regularly consult with the public and civil society organizations in respect of each of the foregoing matters.