

Republic of Tajikistan

**Power Utility Financial Recovery Program-for-Results
(P168211)**

Fiduciary Systems Assessment

Final Report

November 1, 2019

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Abbreviations and Acronyms

ACG	Anti-Corruption Guidance
ADB	Asian Development Bank
AMI	Advanced Metering Infrastructure
ASFCCC	Agency for State Financial Control and Combating Corruption
COA	Chamber of Accounts
DAM	Department of Accounting Methodology of the MOF
DLI	Disbursement Linked Indicator
DDFRS	Department of Monitoring of Fiscal Risks of SOEs
EBRD	European Bank for Reconstruction and Development
ECCAA	Eurasian Council of Certified Accountants and Auditors
EIB	European Investment Bank
ESPMU	Energy Sector Projects Management Unit
EU	European Union
FMIS	Financial Management Information Systems
GCPD	General Corruption Prevention Directorate
IFI	International Financial Institution
IFRS	International Financial Reporting Standards
INTOSAI	International Organization of Supreme Audit Institutions
IPSAS	International Public-Sector Accounting Standards
ISSAI	International Standards of Supreme Audit Institutions
IVA	Independent Verification Agent
JSC	Joint Stock Company
KPI	Key Performance Indicator
MEWR	Ministry of Energy and Water Resources
MCC	Metering Control Center
MDA	Ministries, Departments and Agencies
MTEF	Medium Term Expenditure Framework
MOF	Ministry of Finance
OJSC	Open Joint Stock Company
OPRC	Operational Procurement Review Committee
PEFA	Public Expenditure and Financial Accountability
PFMMP II	Second Public Finance Management Modernization
PFM	Public Financial Management
PforR	Program for Results
PIE	Public Interest Entities
PIPAA	Public Institute of Professional Accountants and Auditors
ROSC	Report on the Observance of Standards and Codes
PPL	Public Procurement Law

PRG	Project Realization Group
SAI	Supreme Audit Institution
SAPP	State Agency on Public Procurement
SB	Supervising Board
SCIMSP	State Committee on Investment and Management of State Property
SOE	State Owned Enterprise
TFMIS	Treasury Financial Management Information System
TSA	Treasury Single Account
WA	Withdrawal Application

A. Introduction

A.1: Reasonable Assurance

1. The fiduciary systems assessment (hereinafter referred to as FSA) has been carried out, in accordance with the Bank Policy Program-for-Results¹, and the Bank Directive Program-for-Results², to determine whether the Program fiduciary (procurement and financial management) systems and governance framework are adequate to support the implementation of the proposed Tajikistan Power Utility Financial Recovery Program for Results (hereinafter referred to as the Program). The findings of the FSA reinforce the determination that the Program fiduciary systems, in general, are adequate to support the Program and provide overall reasonable assurance that the Program financing proceeds will be used for intended purposes, with due attention to the principles of economy, efficiency, effectiveness, transparency, and accountability, **subject to implementation of fiduciary actions as defined in the Program Action Plan.**

A.2: Risk Assessment

2. **The Program's Fiduciary risk rating is High.** The analysis took into consideration the latest Public Expenditure and Financial Accountability Assessment (PEFA) conducted in November 2017, the World Bank's recent assessment of the National Procurement Procedures carried out as part of the implementation of the Bank's Procurement Regulations, the World Bank 2009 Report on the Observance of Standards and Codes (ROSC), the World Bank's knowledge of the country's PFM systems³ and the energy sector, the reviews of internal and external audit reports, the results of implementation support and supervision missions under the World-Bank financed ongoing projects⁴ implemented by Open Joint Stock Holding Company Barqi Tojik (hereinafter referred to as the Company or BT), as well as the results of the field visits to the company within the assessment frames. The assessment also builds on the lessons from the implementation of the currently ongoing projects.

3. The Proposed program will be implemented by BT, which follows the Tajikistan public procurement framework and hence the key weakness and substantive gaps of the Program fiduciary system are already known to the Bank. The key program fiduciary gaps could be addressed and continuously monitored through targeted measures and actions during the program implementation.

4. The findings on financial management risks include but are not limited to: (i) limited capacities of the FM/accounting staff at BT, in particular at regional level; (ii) weak internal controls, and (iii) lack of good governance practice at the Company.

5. The findings on procurement risks indicate the following key weaknesses: (i) limited procurement/technical expertise and experience to undertake the procurement work under the Program; (ii) incomplete bidding documents with unclear qualifications and technical requirements, evaluation criteria and general conditions of contract; (iii) weak contract management mechanism including contract delivery quality and delayed payments; and (iv) inefficient complaint review mechanism.

B. Fiduciary Assessment Scope

6. The scope of the FSA covered the Program institutional framework, fiduciary capacity and implementation performance, and institutions and systems responsible for governance and anti-corruption aspects within the Program.

¹ November 10, 2017

² March 2, 2018

³ As part of the knowledge obtained via implementation of the ongoing Second Public Finance Management Modernization (PFMMPII) project (P150381).

⁴ Nurek Hydropower Rehabilitation project (P150816) and CASA-1000 project (P145054).

7. The FSA covers (i) financial management (FM) arrangements such as planning, budgeting, accounting, internal controls, funds flow, financial reporting, and auditing, and (ii) procurement arrangements (such as planning, bidding, evaluation, contract award, contract administration and complaint mechanisms) of the Program. The FSA considers the degree to which:

- (a) from procurement perspective there are reasonable: (i) arrangements for planning and budgeting; (ii) procurement rules, which are easily accessible to the public; (iii) capacity for efficient contract management and administration; (iv) complaint redressal mechanisms, including clarity on how they are used and (v) systems for the Program oversight and control; and
- (b) from financial management perspective: (i) the Program budgeted expenditures are realistic, prepared with due regard to relevant policies and executed in an orderly and predictable manner; (ii) reasonable records are maintained and financial reports produced and disseminated for decision-making, management, and reporting; (iii) adequate funds are available to finance the Program; (iv) there are reasonable controls over the Program funds; and (v) independent audit arrangements are in place.

8. The FSA also considers how the Company and the Program systems adhere to the best corporate governance practice and handle the risks of fraud and corruption, including by providing complaint mechanisms, and how such risks are managed and/or mitigated.

9. At the national level the Program will be implemented by the Ministry of Energy and Water Resources of the Republic of Tajikistan (hereinafter referred to as the MEWR), while at the entity level implementation and the Program fiduciary responsibilities will be carried out by BT.

C. Review of Public Financial Management Cycle

10. The Program implementation will only partially be subject to country's Public Financial Management (PFM) systems and regulations considering the level of adequacy of the individual elements of the country's PFM systems, as well as the nature of BT's operations and the current level of reliance of the BT's in-house systems on the country's PFM systems.

11. The latest Public Expenditure Financial Accountability (PEFA) report (conducted in November 2017) identified that several critical elements of the country's PFM systems, such as external audit (Supreme Audit Institution - SAI), accounting and financial reporting still remain weak. PEFA-2017 indicates that though some improvement was observed in the country's PFM systems since the previous assessment (in 2012) there are still significant gaps remaining in internal controls⁵ (see also Annex 5).

12. PEFA-2017 still notes problems in recruiting and retaining appropriately qualified staff; lack of a formal risk management process, need for further improvements in monitoring and reporting of fiscal risks of state-owned enterprises (SOEs), and absence of independent audit reports on the internal controls due to low degree of actual independence of the country's SAI.

13. The capacity among accounting professionals in the country remains weak. The knowledge of the accountants on international accounting/financial reporting and auditing standards, such as International Public-Sector Accounting Standards (IPSAS), International Financial Reporting Standards (IFRS) and International Standards on Auditing (ISA) is limited. Accountants with internationally recognized professional qualification are not many,⁶ and usually are attracted to work with international firms (such as audit firms) represented in the country.

⁵ Source: PEFA 2017.

⁶ E.g. by the time of the assessment only four ACCA members from Tajikistan were listed in ACCA member database which has over 200,000 members all over the world. *Source:* <https://www.accaglobal.com/pk/en/member/find-an-accountant/directory-of->

14. Although there is no a national certification program for accountants in Tajikistan, the Law “On Accounting and Financial Reporting” (2011) has a requirement for professional qualification for the Chief Accountants of SOEs. According to this law, the MOF is the responsible agency for certification of professional qualification based on International programs. Meanwhile, the MOF does not hold any instrument to facilitate and monitor the process of obtaining professional qualification by chief accountants.

15. The World Bank ROSC indicates that the vast majority of accountants working on financial statement preparation are not registered with or trained by any professional accounting body, although they may have a university degree. Universities train thousands of accountants under the old Soviet accounting system, based on rules and a chart of accounts used mainly for tax, statistics and central planning purposes. Although several accounting and auditing professional associations have been created in the country, none of them are either IFAC members nor associates.⁷ International accounting education providers (for qualifications such as ACCA, CIMA, etc.) have no direct presence in Tajikistan, however there is a limited number of members of these organizations in the country. The country’s largest professional body is the Public Institute of Professional Accountants and Auditors (PIPAA) of the Republic of Tajikistan, which was created as a training organization for the CIPA/CAP certification issued by Eurasian Council of Certified Accountants and Auditors (ECCAA), a federation of accounting and auditing associations from Moldova, Ukraine, Russia, and Central Asia. The curriculum is based on international standards and certification includes an experience requirement. Employers report good basic accounting knowledge of certified individuals. Approximately 10,000 students have been certified, however only 18 CIPAs and 420 CAPs remain in the country. There are no CPD requirements related to the CAP/CIPA certification.

16. The World Bank has an ongoing engagement in supporting the country’s PFM reform agenda through the ongoing Second Public Finance Management Modernization (PFMMPII) project⁸. The PFMMPII project aims at supporting the design and implementation of the PFM reforms, including expenditure planning, budgeting, treasury management and implementation roadmap for Tajikistan Public Sector Accounting Standards (TPSAS) in the public sector. The project also supports further development of Treasury Financial Management Information Systems (TFMIS). Additionally, the project focuses on strengthening the Department of Accounting and Audit Methodology (DAAM) and the Department of Monitoring of Fiscal Risks of SOEs (DDFRS) of the MOF to be able to meet the requirements of the Accounting Law (amended in 2011) for all Public Interest Entities (PIE) to apply International Financial Reporting Standards (IFRS); as well as by assisting a few selected SOEs’ transition to the IFRS. The project also aims at raising awareness of the government officials and SOEs’ key personnel on the importance of correct and transparent financial information to public finance.

17. The project will also provide assistance on translation and adoption of International Standards on Auditing (ISA) issued by the International Auditing and Assurance Standards Board (IAASB) of the International Federation of Accountants (IFAC) into local legislation, followed by respective training. The project also supports strengthening regulatory and institutional framework for public procurement, capacity building program in the public procurement sector and supports the enhancement of the e-Procurement system including development of interfaces between e-Procurement and the TFMIS budget and treasury modules.

18. Additionally, the PFMMPII project focuses on the institutional development of the COA by facilitating the COA’s access to professional networks and the development of secondary legislation and regulations, the adaptation of International Standards of Supreme Audit Institutions (ISSAI) as National Standards for financial audits, preparation of an Internal Operational Procedures Manual and development of a long-term outreach program to raise public awareness. Establishment of a governance and management framework that conforms

member/results.html?isocountry=PK&FirstName=&Surname=&Location=Dushanbe&inputcountry=suspended=&orgid=ACCA&orby=FNA&ipp=5&pn=1&hid=&requestcount=1

⁷ <https://www.ifac.org/about-ifac/membership/member-organizations-and-country-profiles>

⁸ P150381.

to standards and practices promulgated by the International Organization of Supreme Audit Institutions (INTOSAI) is also under the program focus.

19. The country's Agency for State Financial Control and Combating Corruption (ASFCCC) has a mandate to fight corruption, which is acknowledged as a major issue in the country; according to 2018 Transparency International's Corruption Perception Index, Republic of Tajikistan was ranked 152th in the list of 180 countries.⁹

C.1: Planning and Budgeting

C.1.1: Adequacy of Budgets and Program Expenditure Framework

20. The assessment confirmed that the Program budgeted expenditures, in general, are prepared with due regard to relevant policies and will be executed overall in an orderly and predictable manner. BT prepares its annual economic and financial plans (EFP) based on expenditure projections received from its departments. The EFP is reviewed by the head of finance and administrative department (which includes economic and forecasting, central accounting, and HR units) and approved by the BT Chairman. The EFP presents the expected financial performance of BT, including the revenue forecast together with planned production costs, finance costs, payables for electricity purchases, etc. The review of EFP for 2016-2018 (see Annex 6 for details) indicates that the actual and projected revenues of BT do not deviate by more than 7.5 percent in any of the years. Specifically, the deviation was 7.5 percent in 2016, 3.4 percent in 2017 and 5.7 percent in 2018 indicating overall adequate predictability of the company's revenues. The deviation between the actual and projected annual costs (see Annex 7 for details) is also within reasonable range. Specifically, it was 5.2 percent in 2016, and 1 percent in 2017. In 2018, it was 16 percent mostly due to unplanned expenditures on repair of thermal power plants. While total expenditure level, in general, remains close to the budget, the composition of the expenditure by functional classification deviated considerably, indicating a need for enhancing planning/forecasting capacities of the staff.

21. Similar to the whole public sector capacity (PEFA-2017 assessed Public investment management [PI-11] be scored "D+"), BT also lacks the necessary experience and skills for longer term institutional capital budget planning. To enhance the capacity of the staff, BT will need to involve external training and consultancy in building such a proper capacity in planning and budgeting, in particular for longer term institutional capital budget planning.

22. The Economic and Planning department of BT on a quarterly basis monitors the execution of approved EFP by reconciliation of actuals performance with planned amounts. Any deviations from the plans are reported to the BT Chairman and the Supervisory Board (SB) of the company. The SB plays a key role in approving the company's expenditures and payments, decides on the priority of payments and controls flow of funds via authorizing the payments under the contracts (except for donor-funded investment projects).

23. Like other investment projects implemented by BT, the Program budget will also be reflected in the republican budget under a separate line, considering that the direct Recipient of the Program funds will be the government, who will then sub-lend the funds to the BT under terms and conditions of a subsidiary agreement. BT received no funding from the republic budget apart from loans issued by the MOF.

24. BT has overall adequate planning and budgeting capacity in place for the implementation of donor funded capital investment projects. The implementation of capital investment projects is done by the staff of dedicated units [the PIUs] specifically created for implementation of international donor funded projects, such as Project Realization Group (PRG) and Energy Sector Projects Management Unit (ESPMU). Both groups have significant experience in implementation of various complex energy sector projects financed by IFIs and bilateral development partners. Specifically, PRG implemented the Energy Emergency Recovery Project and its Additional Financing by the World Bank; the Energy Loss Reduction Project and its Additional Financing financed by the

⁹ <https://www.transparency.org/cpi2018>

World Bank and Swiss Secretariat for Economic Affairs (SECO); the ongoing Nurek Hydropower Rehabilitation Project (P150816) supported by the World Bank, Asian Infrastructure Investment Bank (AIIB), and Eurasian Development Bank (EDB); the ongoing Project on Reduction of Electricity Losses in Sughd Region, which is financed by EBRD, as well as the ongoing Kairakum Hydropower Rehabilitation Project financed by EBRD.

25. The ESPMU has been implementing the Tajikistan part of the ongoing CASA-1000 project (P145054) financed by the World Bank, EBRD, Islamic Development Bank (IsDB), European Investment Bank (EIB) and USAID; the Wholesale Metering and Transmission Reinforcement Project financed by Asian Development Bank (ADB); Rehabilitation of Electricity Transmission and Distribution Facilities in Khatlon and Dushanbe Regions financed by ADB; Rehabilitation of Golovnaya HPP (ADB), and several other projects financed by ADB, EXIM Bank of China, IsDB and KfW.

26. The ESPMU will be responsible for implementation of the advanced metering infrastructure (AMI), which includes installation of modern metering and billing infrastructure in Istaravshan, Isfara, and Konibodom cities, under the PforR. The detailed feasibility study was prepared, including detailed technical specifications, which were reviewed and found technically robust. Those specifications will be used as inputs to bidding documents following the requirements of the PPL.

27. The Operations and Maintenance department would be responsible for implementation of the repair and maintenance program. They identify the technical needs, prepare the justification, technical specifications and cost estimates for the repair and maintenance program, which then is used as inputs for preparation of tender documents for purchase of required materials, goods, works, and services.

28. The expenditure framework of the Program is as follows:

Table 1: Program Cost Breakdown.

Expenditure Items	US\$
Cost of electricity from Sangtuda-1	387,317,536
Rehabilitation and upgrade of T&D assets	65,442,749
<i>Equipment and materials</i>	45,541,074
<i>Installation and other services</i>	11,111,069
<i>Commissioning and testing</i>	3,944,786
<i>Shipment, Insurance and Contingencies</i>	4,845,820
Metering and billing for the cities of Istaravshan, Isfara, and Konibodom	23,979,758
<i>Equipment and materials</i>	16,084,143
<i>Installation and other services</i>	5,126,522
<i>Shipment, Insurance and Contingencies</i>	2,572,152
<i>Salaries of Economic and Forecasting Unit and Central Accounting Unit</i>	196,941
Consultancy services	2,260,000
<i>Front-end fee of a loan from a financier</i>	100,000
Total	479,100,043

Table 2: Program Costs by Economic Classification.

Item	Cost (US\$)	Share in Total
Electricity	387,317,536	80.9%
Goods (Equipment and Materials)	61,625,217	12.9%
Works (Installation, testing, and commissioning to be done by external contractors)	20,182,377	4.2%
Shipment, insurance, and contingencies	7,417,972	1.5%
Consultancy Services (audit, capacity building, IVA, etc.)	2,260,000	0.45%
Salaries	196,941	0.04%
Front-end fee	100,000	0.02%
Total	479,100,043	100.0%

Table 3: Program Financing Sources.

Financing Sources	US\$	proportion
BT own funds (tariff-regulated revenue)	305,100,043	64%
IDA (PforR funding)	134,000,000	28%
Financing Gap	40,000,000	8%
Total	479,100,043	100%

29. The Program expenditures are overall predictable, and the costs are justified by detailed analyses. The details are contained in the Technical Assessment Report. Specifically:

- a. *Cost of electricity supplied by Sangtuda-1 IPP.* The cost of electricity for the duration of the Program was estimated considering the expected average generation of the power plant during the life of the Program and the agreed-upon tariff between BT and the IPP following the provisions in the Power Purchase Agreement (PPA) signed between BT and Sangtuda-1. In 2016-2018, there has been no deviation between the planned and actual agreed-upon payments by BT to Sangtuda-1 IPP with exception of 2.4 percent in 2016. Given financial distress of BT and its inability to pay in full for delivered energy, BT and Sangtuda-1 IPP have been agreeing a plan of payments for each year by the end of the preceding year, and BT has been executing the payments as per schedule (See Annex 5 for details). It should be noted that due to some revenue increase of BT resulting from tariff increases since 2016, the agreed-upon payments of BT to Sangtuda-1 IPP will increase by 10 percent in 2019. This practice of agreed-upon annual payments will continue during the implementation period of the Program.
- b. *Rehabilitation and upgrade of T&D assets.* BT prepared a detailed technical justification for 6-year program for rehabilitation and upgrade of its T&D assets, which covers the period from 2020 to 2025. The T&D includes rehabilitation and upgrade of key assets at substations and repair/replacement of power distribution lines. The technical justifications were reviewed by the Bank experts and found to be robust and the cost estimates of the measure are accurate. The review of historical expenditures on rehabilitation and upgrade of T&D assets in 2015-2018 suggests that actual expenditures were very close to projected with maximum annual deviation of 2 percent (see Annex 8 for details). Those expenditures are derivative from the cash balance remaining after all other priority expenditures of BT are incurred. Therefore, those are projected accurately. The need for rehabilitation and upgrade expenditures is larger and BT's operations and maintenance department has a well-prioritized list of upgrades that need to be carried out based on the assessment of technical condition and increase in electricity demand in the country.
- c. *Installation of advanced metering and billing infrastructure in the cities of Istaravshan, Isfara, and Konibodom.* The justification for this activity is robust because it would enable to improve the billing and

the revenue management of BT, which have historically been an issue. The cost estimate was prepared based on detailed design prepared by an internationally reputable consulting firm. The cost estimates were reviewed and found commensurate with prevailing market prices for similar goods and works. The metering and billing capital expenditures are non-recurrent, i.e. BT does not make such expenditures each year given financial distress. Historically, those kinds of projects have been financed with development partners. The last such capital project was implemented with the support of EBRD and EIU in the Sughd region, which yielded very good results with collections for billed electricity increasing to 94 percent and commercial losses reducing to 2 percent. Going forward, except for those three cities to be covered under the PforR, further scale-up of the billing and metering infrastructure will be supported by specific projects to be financed by ADB and EBRD over 2020-2024 to cover Dushanbe and two other cities. The salary expenditures of the personnel included under the metering and billing infrastructure include the annual payroll of the Economic and Forecasting Unit and the Central Accounting Unit of BT, which will be responsible for commercial aspects of the billing and metering infrastructure as well as overall implementation of the Program for Financial Recovery of BT for 2019-2025. The total number of staff is 17, including 11 in the Central Accounting Unit and six in Economic Planning Unit.

C1.2 Procurement Profile of the Program

30. Based on the above program expenditures framework, anticipated procurement of goods, works, non-consulting services and consulting services will include modest value contracts below the OPRC thresholds. Those contracts would include: (a) goods contract for supply of metering and billing system in three cities with estimated value not to exceed US\$24 million; (b) about 32-42 contracts over 2020-2025 for supply of goods and associated works for rehabilitation and upgrade of key assets at substations and repair/replacement of power distribution lines; the estimated average value of one contract at US\$1.5-2 million; and (c) consultancy services for capacity building, IVA and audit. These procurements would be related to BT substructures and divisions.

C1.3: Procurement Planning

31. PPL requires preparation of a procurement plan for each financial year in accordance with the approved format. There is overall acceptable procurement planning capacity at the BT. The plan is being prepared by procurement staff based on demands submitted by BT substructures and divisions. The consolidated plan is internally reviewed by all departments, including technical, financial and others, and is approved by the Chairman of BT. Once approved, the plan is to be agreed with the State Agency on Public Procurement (SAPP). The MOF has no role in procurement planning for BT as funds for the contracts are secured from its own budget. The plan includes information on department/substructure for which procurements package is intended, description of procurement, reference number, estimated value, procurement method, contract start and completion dates. The approved procurement plans are available in the BT offices and are being used as procurement management tool. The plan is also published on the Public Procurement Portal (zakupki.gov.tj). With upgrade of the Public Procurement Portal to the current e-procurement system (eprocurement.gov.tj), the procurement plan is being migrated with further review, approval and disclosure procedures to be handled electronically. Referring to the analysis in C1.1 and BT's practice for procurement planning, the assessment has drawn the conclusion on the existence of a fair level of linkage between the approved budget and the approved procurement plan.

The risk associated with Program Planning and Budgeting is assessed as Substantial.

C.2: Budget Execution

C.2.1: Treasury Management, Funds Flow and Disbursement Arrangements

32. According to the Law on Treasury, the MOF and its field treasury offices implement control over revenues, expenditures and state budget performance. Local treasury branches directly report to the MOF Central

Treasury Office. After introducing a Treasury Single Account (TSA) in Tajikistan, all budget entities keep their balances at TSA, held at the National Bank of Tajikistan, and most of the state-owned cash balances are also in the TSA and are managed by the MOF Central Treasury. Exceptions are the Social Fund as well as several SOEs, which hold their accounts at local commercial banks. The Central Treasury operates a Treasury Financial Management Information System (TFMIS), which is overall adequate but needs enhancement to provide enhanced commitment controls (particularly for avoiding the build-up of expenditure arrears, especially during a period of fiscal compression), cash and payroll management as well as the integration of the TFMIS with other e-Government systems, including the HR management and e-procurement systems. The PFMMPH project⁸ aims at supporting the TFMIS enhancement. Meanwhile TFMIS has no any arrangement in place for periodic auditing/testing of the IT system. Also, there is a need to embed TPSAS standards into the TFMIS.

33. PEFA-2017 assessed predictability of in-year resources allocation (PI-21) be scored as “C+”, indicating that cash management is in infancy stage and should be further evolved. PEFA-2017 also indicates that though in two out of three years during 2013-2015 the recorded liabilities on expenditures remained at a low level, below 2 percent of actual expenditures, for subsequent years, due to a decrease in revenue receipts, the level of recorded liabilities on expenditures increased (in 2016 is was 15.4 percent, with of almost 9 times increase as compared to the average for the previous three years.¹⁰ This trend indicates increasing challenges for the state treasury to meet obligations timely.

34. Considering the above, as well as the fact that the treasury and the National Bank do not provide the full range of banking services, such as opening a letter of credit (which could be necessary for the Program, in particular dealing with goods purchase contracts), the Program will not rely on the country’s treasury system. This is also dictated by the commercial nature of BT, which currently does not use the state treasury system for its operations and keeps its accounts in local commercial banks (except one account in the treasury used for repaying sub-loan interest and principal payments).

35. On the other hand, though some relative stability in the country’s banking sector is observed recently, starting 2014 the banking sector in Tajikistan has been in distress. The country’s top commercial banks are among the most affected by the distress, with two large banks in bankruptcy. The main issues in the sector are high levels of non-performing loans, insufficient provisioning, liquidity issues, delays in processing transactions/payments and issuing bank statements, etc. Excluding two problem banks, nonperforming loans amounted to 24.4 percent of loans at end-2016 and 19.5 percent at end-March 2018¹¹.

36. For the above reasons reliance on the local banking sector would also be challenging for the Program funds flow. Currently, the Designated Accounts of the Bank-financed projects in Tajikistan are still maintained in local commercial banks, however the Bank monitors the banking sector situation in the country, and currently only a few commercial banks are acceptable to the Bank for holding the projects’ designated accounts. Therefore, it is proposed to channel the PforR funds to BT via a dedicated account opened in a local commercial bank, which should be acceptable to the Bank. Alternatively, the Program dedicated account could be opened in an international reputable commercial bank outside Tajikistan. There are no specific restrictions in the local legislation for BT to open a bank account outside Tajikistan, while it is under the SB authority to make such a decision. Currently, BT maintains its accounts in local commercial banks Amonatbank and Orienbank. The latter is one of the local banks affected by the banking sector distress, and currently BT processes its transactions primarily through Amonatbank.

37. The management of the BT’s cash flows is under the sole discretion of the company’s SB (except for donor-funded investment projects). The BT submits its annual cash flow plan for the SB approval, which prioritizes some payments – salary, payments to IPPs, servicing of commercial debt, and taxes - over the others given the

¹⁰ Source: PEFA-2017.

¹¹ <https://www.imf.org/en/News/Articles/2018/05/29/pr18198-imf-staff-concludes-visit-to-tajikistan>

cash limitations. For electricity payments, the cash payment schedule is agreed for 1-year period with each IPP by the end of the preceding year. The agreed-upon payments are typically below the cost of energy as per relevant Power Purchase Agreements (PPAs) signed with respective IPPs. In particular, for Sangtuda-1, the annual cash payment plan is agreed for 1-year period, and the agreed payment schedule is followed. The analysis of 2016-2018 payments indicate a slight underpayment in 2016, while in 2017 and 2018 the payment schedule was fully implemented (see Annex 5 for details). This practice of handling the cash payments by the SB in fact results in some delays for payments under contracts that are not prioritized given cash shortages that the BT experiences during the fiscal year.

38. The disbursement arrangements under the Program will be as follows. Upon achievement of DLRs, an evidence of achievement will be based on the respective technical documentation prepared by BT and will be verified by the independent verification agent (IVA) following the Verification Protocol. The Bank will review the documentation submitted and will reserve the right for further due diligence on the robustness of data as needed. After the World Bank formally considers the DLRs met, it will then issue an official letter to the government confirming the achievement of DLRs and the value of disbursement. BT, through the ESPMU, will then submit a Withdrawal Application (WA) for the disbursement of the respective amount.

39. BT¹² will receive all the disbursed funds although some of the DLRs are to be achieved by newly-created distribution and transmission companies. This is due to the fact that BT will keep all the legacy debts, payables, and other liabilities on its balance sheet, thus, will need to be the primary beneficiary from the PforR. For disbursements under all DLIs as well as advance payments, Withdrawal Applications will be submitted to the Bank. DLIs 5 and 6 would be fully financed by a financier to be identified. All other DLIs would be fully financed by the Bank.

40. Following the effectiveness of the IDA Financing Agreement, the Bank will provide an advance payment of US\$30.82 million or 23 percent of the total IDA grant size. The need for the advance is driven by the requirement of relatively large financing needed during the first two years of operation in order to: (a) carry out the urgently need rehabilitation and upgrade of critical electricity transmission and distribution assets; and (b) ensure adequate level of payments for electricity to Sangtuda-1 IPP. US\$12 million from the advance would allow BT to rehabilitate, as a matter of priority, around additional five distribution substations and around 75 km of distribution lines, which would be critical for improving reliability of electricity supply, which has been deteriorating since 2014 due to severe under-maintenance. Without the advance, BT would not be able to carry out rehabilitation of those priority assets. US\$18.82 million will be used towards purchases of electricity from Sangtuda-1 IPP. The deterioration of financial standing of BT may not allow it to make timely payment for electricity as per agreed-upon schedule of payments, even considering the fact that it is already below the contractual obligations of BT. This would allow to ensure that consumers receive at least 1,800 GWh of electricity from Sangtuda-1 IPP, which is about 10 percent of gross domestic demand.

41. Whenever the DLRs are achieved, the amount of the advance will be deducted (recovered) from the amount due to be disbursed under the DLIs. The amount of the advanced recovered by the Bank then will be available, as needed, for additional advances ("revolving advances"). The Bank requires that the Recipient refunds, no later than six months after the closing date of the financing agreement, any advances (or portions of advances) if the DLRs have not been met (or have been partially met) by the Program closing date. At the end of the Program, any amount disbursed under DLIs that will exceed the actual Expenditures level for the whole Program period till the Program closing date, will be reimbursed to the Bank. The DLI formula and amounts of the DLIs, advances and prior results, Verification Protocols and DLI Disbursement schedule are described in Disbursement Matrix.

¹² BT or the successor generation company.

The risk associated with Treasury Management and Funds Flow is assessed to be High.

C.2.2: Accounting and Financial Reporting

42. Following the recommendations on accounting and auditing of the ROSC, the Accounting Law was amended in 2011 to require all Public Interest Companies (PIEs), including all major SOEs, to apply IFRS for financial reporting.
43. The State Committee on Investment and Management of State Property (SCIMSP) under the government (which is the owner of all SOEs and has the mandate to exert the State's ownership function), as well as the DDFRS of the MOF monitor the performance of major SOEs via a number of periodic reports, including quarterly financial reports, which include information on revenue, expenditure, financial and non-financial assets, liabilities, guarantees and long-term obligations as audited financial statements. It should be noted that the SCIMSP role is limited to the approval of disposal and revaluation of the company's assets, with no role in the company's operational management. The DDFRS's role is limited to the trend analysis of the SOEs performance and identifying risks to the SOEs performance and going concerns, with no any practical power for follow up and support to improve the performance or mitigate identified risks, except reporting the major observations to the Government.
44. BT prepares and submits a number of financial reports on monthly, quarterly and annual basis to the relevant government authorities. Monthly financial reports are submitted to the Tax Committee, the MOF, the MEWR. Quarterly reports are submitted to the MEWR, the MOF, Agency of Statistics, and Pension Fund. Annual reports are submitted to the MOF, the MEWR, Agency of Statistics and Tax Committee. In general, there are no delays with submission of such statutory reports. The complete list of the statutory reports with respective submission deadlines is presented in Annex 10.
45. The PFMMP II project envisages strengthening of the SOE monitoring function of the MOF. The SOEs chart of accounts have been amended to comply with IFRS requirements. A standardized set of accounting policies and related instructions based on IFRS have been developed for the SOEs. A template has been developed to assist SOEs in selecting among the available accounting policy options. To raise awareness of the importance of correct and transparent financial information to public finance and proper governance standards and develop capacity to use financial statements to inform decision making, the project also plans to provide training on IFRS introduction for key accounting and financial reporting personnel of the SOEs, government officials and non-financial managers.
46. At present, the SOEs, including Barqi Tojik, lack the skills and knowledge needed to comply with this requirement. There are around 230 accounting staff at BT and none of them has an international accounting qualification (such as ACCA, CPA) nor has CAP/CIPA certification. To prepare IFRS compliant financial statements, BT continuously relied on the use of external consultants, with some occasional capacity building activities for the Company's staff. This resulted in some improvements in the financial reporting, given that while before 2014 the auditors issued disclaimer of opinion on the company's IFRS compliant annual financial statements, starting 2014 the audit opinions are qualified.¹³ Meanwhile the improvement in the quality of the IFRS compliant financial reporting is due to external consultants' help, while internal capacity building was not sustainable.
47. Although the BT will continue reliance on external consultants' help for financial reporting, the company needs to build sustainable internal capacity for IFRS financial reporting. For this purpose, BT will need to prepare and agree with the World Bank a Capacity Building action plan, which would include concrete actions and milestones on IFRS training provision to the accounting staff. The action plan should include the capacity retention measure such as certification of the knowledge (via inclusion of an examination) obtained through trainings. The certification could also be a mandatory requirement for the accounting position and be a part of

¹³ Source: BT's Audited Financial Statements for FY 2012-2017.

the qualification requirements for the relevant staff. It has been agreed that such a capacity building plan, acceptable to the World Bank, will be developed by BT no later than six months after the Program effectiveness.

48. BT has recently updated its Financial Management Manual, which adequately covers the company's IFRS based accounting policies and procedures. The Company utilizes 1C (v8.2) accounting software, which is adequate for accounting and reporting the Company's activities. The software will also be used for the Program accounting and financial reporting. For the Program purposes BT will prepare the Program annual financial statements to be audited. The Program financial statements will be prepared on cash basis, while for entity (BT) reporting purposes IFRS is used.

The risk associated with Accounting and Financial Reporting is assessed to be High.

C.2.3: Procurement Processes and Procedures

49. The Program's procurement will be governed by the existing public procurement legal framework which is constituted of the Law of the Republic of Tajikistan "On Public Procurement of Goods, Works and Services", # 168 dated March 3, 2006 (as amended by Law #815, the "Law of the Republic of Tajikistan on "Introduction of Amendments and Additions to the Law of the Republic of Tajikistan on 'Public Procurement of Goods, Works and Services'" dated April 16, 2012) ("the PPL"), and a comprehensive package of by-laws and regulations. They were developed based on the 1994 UNCITRAL Model Law and are in line with the international public procurement standards. Procurements using funds of state-owned enterprises are subject to the PPL. In practice, BT started following requirements of the PPL only since 2014 due to the Law enforcement by the PPA. This adds to the risks of lack of in-house capacity for effective and fully compliant use of PPL.

50. It is to highlight that the Government of Tajikistan initiated preparation of a new PPL based on the 2011 UNCITRAL Model Law and the principles of the WTO Government Procurement Agreement. The new PPL is planned to be adopted by July 2019. In parallel, the Government is working on the revision of by-laws and regulations to be in line with the new legislative framework. In addition to that and to support smooth implementation of the new PPL, manuals on procurement procedures and contract management, updated Standard Bidding Documents for different procurement categories will be prepared and issued. Information pertaining to Public Procurement can be found on the SAPP website (<http://zakupki.gov.tj>) in Russian, Tajik and English (limited coverage) languages.

51. **Procurement methods.** The current PPL provides for a good range of methods for procurement of goods, works and services: (i) bidding with unlimited participation; (ii) bidding with limited participation; (iii) request for quotations; (iv) single-source procurement; (v) electronic procurement and a simplified public procurement proceeding. Bidding with unlimited participation is the default procurement method. In practice BT applies all these methods. Analysis conducted shows positive indication that open competitive procedures appears to be the default method and constitutes 95.4 percent of the reviewed cases. Comparing data by years, it is being noticed that percentage of single-source procedure has decreased from 9 percent in 2017 to 4.6 percent in 2018 and in monetary value from TJS72,886,288.62 to TJS5,276,045.00. Increasing trend is observed with use of existing e-procurement platform: percentage of bids conducted through e-procurement platform increased from 40 percent in 2017 to 53.8 percent in 2018.

Table 4: Analysis by Procurement Methods used in 2017-2018¹⁴

№		2018								
		Unlimited method	%	Limited method	%	Electronic method	%	Single source	%	Total
1	Bids	27	41.5			35	53.8	3	4.6	65
2	Contracts amount (in million TJS)	46,9	31.8			95,4	64.6	5,3	3.6	147,6
		2017								
1	Bids	21	47	2	4	18	40	4	9	45
2	Contracts amounts (in million TJS)	76,7	37.0	0.307	0.1	57,3	27.7	72,9	35.2	207,23

52. Provisions for procurement of consulting services are clearly defined in the Public Procurement Law. Consulting services may be hired through tendering with limited participation (short list), as well as single-source procurement. The following methods of selecting competitive proposals may be used, in specified circumstances, in the context of short-listing: (i) Quality- and Cost-Based Selection (QCBS); (ii) Quality-Based Selection; (iii) Selection under a Fixed Budget; (iv) Least-Price Selection; and (v) Selection Based on the Consultants' Qualifications. However, FSA shows that despite the rules and procedures for hiring consulting services are provided for in the PPL, Standard Request for Proposals including contract forms is available and procurement capacity exists in BT, hiring of consultancy services rarely applies in practice due to lack of funds allocated for such services. BT relies mainly on in-house capacity to cover any need in additional expertise. Since the Program framework and profile provides allocation in the budget for outsourcing consulting services such as capacity development support, IVA and audit to the market, the action is included as a Program fiduciary actions to ensure that necessary advisory services are available during the Program implementation to support the achievement of its results.

53. **Procurement Notices:** Bidding opportunities are widely advertised. Invitations for bids are issued in national newspaper Asia Plus, are placed on the BT website (<http://www.barqitajik.tj>) and on the Public Procurement Portal (<http://eprocurement.gov.tj>). Three weeks from the date of advertisement is given for preparation and submission of bids which is in compliance with the requirements of the PPL.

54. **Bidding Documents:** Tajikistan framework has a set of standard bidding documents. The set is not complete and includes a single SBD for the procurement of goods, works and services, lacking a standard form of contract. There is also a Standard Request for Proposals, and various contract forms, for the procurement of consulting services. No General Conditions of Contract (GCC) are included in the SBDs for the procurement of goods, works, and services. The GCC for the procurement of consulting services are broadly consistent with international requirements, but certain gaps in coverage have been observed. Examples of areas that should be more directly addressed in the GCC include matters such as intellectual property rights, termination for convenience of the Government, suspension, assignment, warranty, and governing law. Furthermore, such provisions included across the GCC are not always consistent, which leaves room for potential inconsistencies in application and interpretation. This is a serious gap that needs to be addressed as part of the program fiduciary actions. This would entail the development of General Conditions of Contract by BT to be included in the standard bidding documents for the Program procurement of goods, works, and non-consulting services as per the relevant international requirements.

55. The BT is using the standard bidding documents for procurement of goods, works and services developed by the SAPP. The bidding documents are available both in Tajik and Russian languages. The documents preparation mainly depends on readiness of the technical specifications that sometimes are being prepared in

¹⁴ Source: BT.

advance. Technical specifications are being developed by experts from the respective departments who are included to the Tender Committee. Access to comprehensive specifications remains the critical challenge during the preparation of bidding documents for all procuring entities.

56. Opening and evaluation of bids. Bids are opened publicly in presence of the bidder’s representatives and representatives from the SAPP. Minutes of opening are prepared in a form approved by the SAPP. Evaluation is done in accordance with the evaluation and qualification criteria as stipulated in the bidding documents and is carried out by the Tender Committee. The Committee is appointed by the order of the BT Chairman, comprises from five to nine people and headed by the BT Deputy Chairman. Evaluation takes in average from seven to ten days.

57. Government e-Procurement system. The Government of Tajikistan is carrying out a full-scale transition across the country to an e-Procurement system. Initial Unified Public Procurement Portal and e-Quotation module were enhanced and now are functioning as a single e-procurement module (<http://eprocurement.gov.tj>). Forty pilot procuring entities, including BT, were trained as users and are gradually start using the system for their own procurements. Since 2017 BT has conducted 55 tenders applying electronic procurement method.¹⁵ Further development of an operational electronic platform that supports public procurement procedures in Tajikistan is critical for making procurement processes more efficient and transparent. By current estimates of the SAPP enhancements to the e-procurement system will be completed in 2020. The comprehensive e-procurement system will cover procurement planning, bidding process, contract management, framework agreements and catalogues, on-line complaints handling, procurement data management and measurement of public procurement performance, and development of interfaces between e-procurement, Treasury and other e-Government systems.

C.2.4. Contract Administration.

58. There is as minimal level of contract management arrangements and practices in BT. After the contract is awarded, the BT signs the contract with the selected bidder and transfers responsibility for contract execution to its sub-structure TajikEnergoSnab. The table below shows contracts selected for the review by the Bank team to analyze if they were implemented according to the original time schedule, within the estimated budget and payments made timely. Normally, the terms in the BT’s contracts provide for payment to be made within 60 days after the acceptance certificate is issued. Based on the reviewed sample, no instances of significant time and cost overrun were noticed. Although the contracts were implemented according to the original time schedule, in 30 percent of cases payments were significantly delayed. This is primarily the result of financial distress of BT, which results in severe cash shortage and does not allow the Company to make payments in timely manner. Review of the sampled contracts also revealed that in one case the contract was extended two days after the intended completion date.

Number of contracts reviewed	Number of contracts completed within initial contract period	Number of contracts in which there was cost overrun against awarded contract price	Time delay against initial contract period	Range of percentage of cost overrun	Delayed payment
10	10 (100%)	0	0%	0%	3 (30 %)

59. The details of the analysis are given in Annex 9. In addition to the analysis of the sample of contracts, the issue of delayed payment has been also identified in the detailed analysis of the BT’s cash flow and the Sangtuda -1 payment plan for the purchase of electricity contracts. The delays in payments are mainly due to lack of funds and prioritization of payments.

¹⁵ Source: test.zakupki.gov.tj

C.2.5. Complaints Handling Mechanism

60. The PPL applicable to the Program does not provide for independent procurement complaint review mechanism. The Government of Tajikistan is still looking into the feasible options where to host function of independent Board of Grievances. The PPL provides the rights for bidders to complaint following the certain rules. Public procurement participants have the right to file a complaint with the procuring entity and / or the SAPP (as the Authorized Body). The actual practice in the BT is that the participants must submit complaint in a form of a letter to the Chairman with a copy to the SAPP. BT's records show that no complaints have been received Data from the module for online complaints in current e-Portal also confirms that no complaints on tenders conducted by BT were filed. At the same time a complaint related to the construction contract signed by BT was received by the SAPP. The complaint (reg # №5/1034) regarding delayed payments was received on August 27, 2019, reviewed and resolved within the three weeks. Absence of complaints raises concerns that either the bidders are not well informed on the existing mechanisms or refrain from complaining not to compromise chances of doing business with BT. A survey on assessment of level of corruption in public procurement conducted by the SAPP in 2018 revealed that only 21 percent of 62 respondents from the private sector supported establishing the independent complaint review body, while 51.6 percent did not see such a need and 27.4 percent did not provide an answer. Analysis of these results highlights little trust of the bidders in the existing mechanisms, and absence of clear, efficient and comprehensive mechanisms. In these regards the manner of conduct of the complaint review process should be set forth in greater detail. It is necessary to strengthen the capacity of staff handling complaints and make reporting on outcomes of complaint reviews open to public, for instance, through tracking on the BT website. BT shall create a dedicated section in its public Web site to post the information on (i) any procurement related complaint received; (ii) date, time and place of the complaint review; (iii) status of handling of this complaint (accepted or rejected with indication of the related reasons); (iii) decision of complaint handling. To mitigate the risks and weaknesses noted, an action included to Program Action Plan seeking to address these challenges. Also, the bidders will be informed on the need to simultaneously file the complaint with both BT and SAPP.

Debarment/Blacklisting of Vendors

61. **Database of the unreliable contractors and suppliers.** The PPL has provisions for the SAPP to include poor performing suppliers and contractors to the Register of unreliable suppliers and contractors. Based on the data from the e-Portal, the only case registered in the database was for non-fulfilment of contractual obligations by supplier in health sector that was made as a result of complaint from the procuring entity. No sanction cases were registered in the e-Portal for the energy sector.

The risk associated with Procurement Processes and Procedures is assessed to be Substantial

C.3: Internal Control System

C.3.1: Internal Controls and Internal Audit

62. The public internal controls system in Tajikistan is regulated by a number of laws and legal documents such as "The Law on Public Finance (2011); The Law "On Accounting and Financial Reporting" (2011); The Law "On Treasury" (2008); The Law of the Republic of Tajikistan "On Internal Audit in the Public Sector" (2010); The Law of the Republic of Tajikistan "On financial management and internal financial control in the public sector" (2010); The Law "On State Financial Control in the Republic of Tajikistan" (2002 with changes in 2007); The Law "On Public Procurement of Goods, Works and Services" (2006); Guidelines on public procurement procedures approved by the Ministry of Economic Development and Trade (2008); etc.

63. The Law "On Accounting and Financial Reporting" (2011) establishes the responsibilities of the head and the chief accountant of an organization for the implementation of economic operations. Standard job description of the chief accountant for organizations and business entities, (regardless of the form of ownership

and organizational affiliation) is approved by the government. The “Law on Financial Control and Internal audit” provides for proper segregation of duties relating to authorization, execution, reporting and audit or control functions. The chief accountant cannot be responsible for custody of assets or be in charge of receiving of goods for the organization. In general, there is overall adequate segregation of duties at BT. Meanwhile it was observed that except for payments for operating expenditures, the authorization control of payments under contracts is assigned to the BT’s Supervisory Board, which though assures additional layer of controls over payments, but also makes the payment process inflexible as even non-material amounts to be paid require the board approval.

64. PEFA-2017 indicates improvements since the previous assessment in internal control over non-salary expenditure (PI-25 scored “B+”), though it also indicates a need for making further improvements due to the lack of any formal risk management process, the fact that commitment controls are not fully implemented and the absence of independent audit reports on the internal controls. There is no centralized fixed assets database in the MOF to maintain up to date additions, losses and disposals. The lack of control over fixed assets is noted under PI-12, which only scores a C+, particularly due to problems of maintaining and updating a register of fixed assets, and weak control over disposals of fixed assets.

65. The functions of payroll calculation and personnel records are decentralized. PEFA-2017 also indicates improvements since the previous assessment in payroll controls (PI-23), however this only score “C+” due to a need in a central control integrating payroll and HR records as well as lack of qualified staff and problems with retaining such a staff. Meanwhile there are overall adequate payroll controls at BT, and the sample payroll review conducted during the fiduciary assessment did not identify issues. Payroll is calculated by the use accounting software. And the wage payment to employees is done through the bank electronic cards system. Payroll is supported by necessary documentation, and the changes to personnel records are checked on a monthly basis.

66. The reliance on the country’s internal control system at BT is partial, as it does not use the central treasury system for its funds flow arrangements.

67. The major issue relating to internal control system at BT relates to revenue management system. The external auditor issued a repetitive qualified audit opinion on the company’s financial statements for FY2014-2017, mostly due to shortcomings and undeveloped state of the company’s records and systems of revenue and related receivable recognition for electricity supplied to its customers. The auditor’s assessment of the level of provisions for doubtful trade receivables differed from the company’s assessment.¹⁶

68. The issue is due to lack of automated software for revenue recognition at several subdivisions and subsidiaries of the company, and receivables recording is done manually, which is prone to misstatements and manipulation in records. Although there is some progress made during the recent years with regards to improving receivables collection rate (see Table 5), the collection rate still needs to be improved.

Table 5: Collections rates for Billed Electricity from Domestic Sales.¹⁷

FY	2013	2014	2015	2016	2017	2018
Collection rate	76.1%	75.4%	86.4%	86.5%	84.1%	85.0%

69. The company utilizes several billing systems in different regions, which are based on different platforms thus making integration difficult and costly. The company currently operates the following billing systems in different regions and areas: *Finclient* (Dushanbe and other cities, district billing system – under operation/working), *Korana* based billing system in Janubi for commercial customers, *Eldorado* billing system in Kulob, and other Excel based manual billing systems. The company is also in the process of implementing *Oracle*

¹⁶ Source: FY2014-17 audited financial statements and management letters.

¹⁷ Source: BT.

based billing system in Sugd region-Khujand city, and some time ago the company also tried to implement SAP, but this installation was not completed, so, although the company has the software, it is not currently in use.

70. Under loss reduction program in the Sughd region with financing provided by EBRD/EIB/EU, the Company established advance metering infrastructure (AMI) for 80,000 customers. A Metering Control Center (MCC) was created to monitor performance of the AMI and detect theft and other abnormal conditions in consumption. This, together with the incorporation of the billing software and rehabilitation works of network and metering infrastructure, made possible to achieve significant improvements in billing and collection rates for industrial, residential and government customers. Amounts of energy (kWh) billed to industrial customers in 2017 were 27 percent higher than in 2015; for residential consumers the increase was 4.7 percent. Remote disconnection functionality of the AMI helped to achieve overall collection rate of 93.6 percent in 2017, with 97.5 percent in the residential category.¹⁸

71. Under the Program, the Company will extend the use of advanced metering infrastructure to cities of Istaravshan, Isfara, and Konibodom, which will contribute to further reductions in energy loss rates and increase in collection rates for billed electricity, thus substantially contributing also into the improvement of company's overall revenue recognition.

72. The Company's debt accounting records are automated with overall adequate controls over them. In the meantime, the Company is prone to significant foreign exchange risks due to the fact that the funds for financing donor funded investment projects are on-lent to BT by the government in the same currency as the government receives it from the donor. The significant deviation of foreign currency exchange rates (particularly for USD, in which the majority of the Company's debt is, as well as XDR and Euro) created significant losses to the Company.

Table 6: Dynamics of foreign currency exchange rates during 2013-2019.¹⁹

Currency/year	As at January 1, 2013	As at January 1, 2014	As at January 1, 2015	As at January 1, 2016	As at January 1, 2017	As at January 1, 2018	As at January 1, 2019
USD/TJS	4.7639	4.7741	5.3074	7.1101	7.8762	8.819	9.4298
Euro/TJS	6.3014	6.5742	6.4465	7.7529	8.3070	10.5766	10.7905
RR/TJS	0.1571	0.1446	0.0888	0.1015	0.1261	0.1524	0.1353
XDR/TJS	7.3217	7.3521	7.6871	9.8607	10.5548	12.5292	13.1149
CNY/TJS	0.7646	0.7890	0.8555	1.0947	1.1338	1.3545	1.3703
KWD/TJS	16.9413	16.8935	18.1078	23.4116	25.7502	29.2020	31.0446

73. To partially mitigate the foreign exchange and interest rate risks of the Company, the World Bank proposed restructure BT debt to the MOF via restructuring the terms of the BT's subsidiary agreements with MOF. The main mitigation for this risk is implementation of new tariff methodology whereby BT will be compensated through regular tariff adjustments for TJS depreciation related losses (DLI No. 1). The revision of subsidiary agreements of BT (DLI No. 2) will also help to reduce the magnitude of the impact of TJS depreciation on financial standing of BT. The subsidiary agreements would need to be revised to mirror the lending rates, tenures and other terms of original financing agreements signed by MOF with IFIs and other financiers. This means that multiple loans would need to be converted to grants because MOF received the resources on grant basis. Most of the other subsidiary agreements would need to have the annual interest rates revised to align with those in international agreements.

Internal Audit

74. The MOF is in charge of implementing internal audit policy. The MOF also provides methodological support to public sector entities. Each budget entity employing more than 800 staff must have an internal

¹⁸ Technical assessment by the Bank team.

¹⁹ Source: National Bank of Tajikistan.

audit unit. The internal auditor reports to the head of organization. PFEA-2017 indicates some progress made with developing an internal audit function, however there are still significant challenges to be addressed (PI-26 scored “C”). Internal audits conducted are not risk-based and are mainly focused on compliance with budget commitments. No systemic review and analysis of systems is conducted. Also, the Independence of internal auditors is not properly addressed by legislation. Regular reports are submitted to the management and the majority of planned audits take place with almost all responses taking place within a year of the report.

75. The internal audit (IA) function at BT is weak and needs substantial improvement in terms of staffing (currently it has only 3 staff with technical and economic background), and professional capacity. The audit work plans of the BT’s IA unit are developed on annual basis and approved by the BT Chairman and the IA unit directly reports to the BT Chairman. Approved plans cover audits of 10-12 departments and branches of BT annually, and mostly are reviews of economic/technical performance of the branches and departments with less attention to systems performance. In practice each auditor spends around 15 person-day for each audit. Reports and findings of the audits are presented to the Chairman. Specific recommendations with the agreed deadlines are given at end of the audit and the implementation of those recommendations is checked during the next year audit. The analysis indicates that on average the auditors issue around 5 recommendations per each report for a department audited, with most of them relating to the accuracy of electricity sales volumes reported, which is a systemic issue at BT given the incompleteness of the current automated metering and billing systems in place. In general, the implementation of the recommendations is verified during the next audit of same department with no specific follow up before that. The analysis indicates a need for BT to increase the IA unit’s staffing capacity by hiring at least an additional two staff, by organizing specific professional training and introducing a mandatory local certification for the IA staff.

76. There is a national certification program facilitated by the MOF for public internal auditors, while the program does not capture the SOEs. Currently the MOF is in the process of amending the respective legislation to include the SOEs internal audit function also under the MOF certification program. Meanwhile the importance of the BT IA staff certification was discussed with the Department of Accounting Policy, Financial Reporting and Audit (DAPFR) of the MOF, which facilitates the national certification process of the IAs. It has been agreed that the MOF will provide opportunity for the BT IA unit’s staff to pass the necessary certification stages and obtain the certificates.

The risk associated with Internal Controls and Internal Audits is assessed to be High.

C.3.2: Program Audit

77. PEFA 2017 indicates that the Chamber of Accounts’ (the country’s Supreme Audit Institution) development still requires a long-term vision, and the immediate priorities for the Chamber of Accounts (the COA) should be strengthening the legislative framework, developing and implementing new audit methodologies and building the technical capacity of staff. Currently the World Bank under its Second Public Financial Management Modernization project²⁰ supports the COA’s access to professional networks and the development of secondary legislation and regulations, the adaptation of ISSAI as National Standards for financial audits, preparation of an Internal Operational Procedures Manual and development of a long-term outreach program to raise public awareness. The COA’s current coverage of Government operations is limited. Audits and inspections are still undertaken by several bodies, including the Internal Audit Department of the MOF and the Agency for State Financial Control and Combating Corruption of Tajikistan. The public representatives do not have access to the audit reports issued by the COA, including those for the audit of Barqi Tojik²¹. Considering the above, the

²⁰ P150381

²¹ Although the COA conducts regular audits of the BT, it has not shared with the Bank the results of the BT previous audits.

Program audit²² arrangements will not rely on the COA. Instead the Program will use the existing independent auditing arrangements of BT under the World-Bank financed ongoing projects.

78. The audit of the entity (BT) and the Program annual financial statements will be conducted (i) by independent private auditors acceptable to the World Bank, on terms of reference (TOR) acceptable to the World Bank, and (ii) according to the International Standards on Auditing (ISA) issued by the International Auditing and Assurance Standards Board (IAASB) of the International Federation of Accountants (IFAC). The audit of the entity's annual financial statements should be conducted by auditors who have relevant experience in energy sector. The same auditor will be appointed to conduct the audit of the Program annual financial statements.

79. The annual audits of the entity and the Program financial statements will be provided to the Bank within six months since the end of each fiscal year; and for the Program also at the Program closing. The Recipient has agreed to disclose the audit reports for the Program and the entity within one month of their receipt from the auditors and acceptance by the Bank, by posting the reports on BT or the MEWR's web sites. Following the Bank's formal receipt of these reports from the Recipient, the Bank will make them publicly available according to World Bank Policy on Access to Information.

80. The entity annual financial statements will include: (a) a statement of financial position as at the end of the year; (b) a statement of comprehensive income for the year; (c) a statement of changes in equity for the year; (d) a statement of cash flows for the year; and (e) notes, comprising a summary of significant accounting policies and other explanatory information.

81. The Program annual financial statements will include: (i) a summary of Funds received under each DLIs and a summary of Expenditures shown separately under the main program headings and by main categories of expenditures, both for the current fiscal year and accumulated to-date; and (ii) a statement of segregated account; and (iii) Notes, comprising a summary of significant accounting policies and other explanatory notes.

82. By the time of the assessment there were no due audits under the World-Bank financed ongoing projects implemented by BT, while some delays were observed with submission of audit reports to the World Bank due to non-timely appointment of auditors. The auditors provided unmodified opinions on the latest financial statements of the ongoing projects implemented by BT. Meanwhile the auditors' issued qualified opinions the entity (BT) financial statements for the FY 2014-2017, while before FY 2014 the auditors issued disclaimer of opinion on the company's IFRS compliant annual financial statements.

The risk associated with external audit is assessed as Substantial.

D. Governance and Anti-Corruption

D.1: Ownership and Governance Arrangements

83. Tajikistan still has numerous state-owned enterprises (SOEs), which have a major presence in many sectors such as energy (Open Stock Holding Company BT), communications (Tajiktelecom), transport (TajikAir, Tajik Railways, airports), banking (Amonatbank and Agroinvestbank), insurance (Tojiksughurta), and metal processing (TALCO). The SOEs provide one-third of employment opportunities and are responsible for more than 40 percent of total value added and 50 percent of total investment in fixed capital.²³

84. Like many other post-Soviet countries, in Tajikistan also the SOEs, in particular the energy sector SOEs, underperform. The underperformance in fact results in high economic, financial and opportunity costs for the

²² Under the Program the following audits would be required: the audit of the Program annual financial statements, and the audit of the entity's (BT) consolidated annual financial statements, or separate annual financial statements of generation, transmission and distribution successor companies.

²³ Source: PEFA-2017.

wider economy and society. The poor SOE performance is mostly caused by fundamental problems in governance. In addition, the underperformance is affected by tariff setting policy exercised. Fair tariff settings along with good governance are the pillars on which the energy sector SOEs performance stands.

85. The direct beneficiary of the Program is BT. It has a status of Open Joint Stock Holding Company. The company was registered in the Ministry of Justice of the Republic of Tajikistan on June 3, 1999. The Company's principal activities are generation, transmission and distribution of electricity and thermal energy. The Company is the dominant in the generation and supply of electricity in the Republic of Tajikistan. In accordance with the law, the tariffs for the Company are coordinated and agreed with the Agency for Regulation of Natural Monopolies of the Republic of Tajikistan. The Company's activities are regulated by a number of laws (such as the laws On Natural Monopolies, On Energy, On the Usage of Renewable Energy Sources and On Joint Stock Companies, etc.).

86. The sole shareholder of the Company is the Government of the Republic of Tajikistan. The Company has a number of branches and representative offices in and outside the country. Also, the following organizations are under control of the Company: OJSC "Shabakahoi Barqii Istaravshan", OJSC "Shabakahoi Barqii Panjakent", OJSC "Shabakahoi Barqii Shahri Dushanbe", OJSC "Shabakahoi Barqii Shahri Kulob", OJSC "Shabakahoi Barqii Kulob", OJSC "Shabakahoi Barqii Tursunzoda", OJSC "Shabakahoi Barqii Janubi", OJSC "Dushanbinskaya Heat Station", OJSC "Shabakahoi Barqii Yavon", OJSC "Remontno-Mekhanicheskiy Zavod", OJSC "Shabakahoi Barqii Dangara", OJSC "Shabakahoi Barqii Isfara", OJSC "Shabakahoi Barqii Norak", OJSC "Yavanskaya Heat Station", LLC "Barq-Service" and "Tajikenergossnab".

87. The corporate governance is in infancy even though there are elements of good corporate governance in its charter as well as the charters of the newly-established electricity distribution and transmission companies. Additional work will be required align BT's corporate governance structure with principles of good corporate governance. As per its charter, BT is governed by General Shareholders Meeting²⁴, its Supervisory Board (SB) and its Chairman. The nomination of state representatives to the SB is established by the Government Resolution²⁵, which appoints the following civil servants to the BT Supervisory Board: Prime Minister (Chair of the Supervisory Board), First Deputy Prime Minister, Advisor to the President on Economic Matters, Minister of Energy and Water, Minister of Industry and Technology, Minister of Economic Development and Trade, Minister of Finance, Minister of Justice, Chairman of the State Committee for Investment and Management of State Property, and Chairman of BT. The Company does not have independent board members or a code of conduct. The Company's charter also assumes for the existence of audit committee, which however does not exist in practice.

88. The competences of the SB are identification of the priority directions of the Company's activity; approval of the annual financial and commercial plans, reports on their implementation, as well as approval of annual estimates. In practice, the SB meets regularly to discuss operational and performance matters of BT, focusing on routine management decisions rather than on setting business strategies. Except for those relating to operating expenses, all other payments are made after the approval of the SB.

89. The Government started a reorganization process of the Company with an ultimate purpose to separate generation, transmission and distribution functions. According to the government decree # 234 of April 28, 2018 "On the reorganization of joint-stock companies", ten power grid OJSCs from the above list, will be merged into OJSC "Transmission electrical grids" and OJSC "Distribution electric grids". In June 2019,²⁶ the Government established, under the BT, the new state-owned electricity transmission and distribution companies -

²⁴ There is only one shareholder, which is the state, and which is represented by State Committee for Investment and Management of State Property.

²⁵ Resolution of the Government of the Republic of Tajikistan "on Supervisory Board Members of the Open Joint Stock Company Barki Tojik", #718, November 29, 2014.

²⁶ The Government Decision No. 330, dated June 22, 2019.

Shabakahoi Intiqoli Barq (SIB) Open Joint-Stock Company (OJSC) and Shabakahoi Taqsimoti Barq (STB) OJSC respectively, with their separate boards. The new companies are legally separate, but not independent. BT would also remain state-owned and will operate all state-owned electricity generation plants except for Rogun HPP. The Government does not have any plans to privatize BT, SIB, or STB during the implementation period of the proposed PforR operation. Furthermore, the Government plans to engage a management contractor by 2021 for operation of the newly-created power distribution company. The underlying rationale for engagement of the management contractor is to improve operational and financial efficiency of the distribution company.

90. The reorganization process is supported by Asian development Bank's (ADB) Sectoral Development Program (*See Annex 3*: ADB Draft Policy Matrix, which was communicated to the Government in ADB mission aide-memoire dated Feb. 15, 2019), which includes recommendations on improvement of corporate governance. This would include establishing new boards for each of the three businesses, introducing good corporate governance practices into the sector. Good practices suggest that decision making on day to day operations, including procurement (except for major contracts), and implementation of the strategy, should be delegated to management to allow the SB focus on strategic issues. Management must be given tools to implement the strategy set by the SB and be held accountable for its implementation and company operations.

91. Through DLI No. 9, the Bank will monitor and enforce that BT consistently maintains good governance practice to be established under the ADB Sectoral Development Program.

D.2: Program Anticorruption Arrangements

92. Tajikistan ranked 152th out of 180 countries according to Transparency International's Corruption Perceptions Index 2018²⁷ representing a slight change since the last year position of 161th.

93. The Government adopted a National Anti-Corruption Strategy for 2013-2020 to institutionalize the fight against corruption in the country. In accordance with the Paragraph 3 of the Decree of the President of the Republic of Tajikistan "On the Anti-Corruption Strategy in the Republic of Tajikistan for 2013-2020" and clause 2 of the Action Plan on Implementation of the Strategy, all ministries, departments, executive bodies of the local government, organizations and institutions developed and approved departmental (sectoral) anti-corruption Programs and Plans for their implementation. Such an Action Plan also exists in BT as well. In particular, to meet requirement of the Plan for BT employees to perform at the highest professional ethics level, BT has issued Code of Ethics on December 31, 2018.

94. There are a number of agencies in the country that have anti-corruption mandate. The National Anticorruption Council of the Republic of Tajikistan was established in 2010 by the Decree of the President of the Republic. The Council consists of 28 members including representatives of legislative power, courts, civil society, executive authorities and law enforcement bodies, who comprise the main part of the National Anticorruption Council. It is headed by the Prime Minister and reports to the President of the Republic. In practice, the National Anticorruption Council is a nation-wide consultative body with limited opportunities for its members for NGO sector to influence on decisions and activities of the Council.

95. The country's Agency for State Financial Control and Combating Corruption (ASFCCC), established in 2007, is a specialized agency to fight corruption. The Agency reports directly to the President of the Republic of Tajikistan and submits reports on results of investigations and financial audits to the President twice a year.

96. In order to strengthen the prevention of corruption function in the Agency, the General Corruption Prevention Directorate (GCPD) was created in 2014. Additionally, internal control units or operational units were established for the prevention of corruption in the ministries, departments and local executive state power bodies. The ongoing task of the internal control unit is to analyze corruption risks, monitor the internal program and anti-corruption action plans, conflicts of interest, to initiate appropriate measures to fight against

²⁷ <https://www.transparency.org/cpi2018>

corruption within the state authority and to propose measures to eliminate the causes and conditions conducive to the emergence of corruption situations, as well as to ensure their implementation. After the establishment of these units, the Agency's cooperation with the state authorities in the field of combating corruption became closer. The Agency has Directorate on Oversight of State Bodies, Investments and State Debt in its structure. In 2019 the Directorate is overseeing 25 projects under BT. Another institution with anti-corruption agenda is the Chamber of Accounts. As the data on number of corruption cases filed with relevant anti-corruption agencies and investigation results is confidential, the above agencies do not provide much publicly available information, thus making it difficult to conclude on the effectiveness of their activities in fighting the corruption. In accordance with the schedule of audits approved by the President of the Republic of Tajikistan ASFCCC and CoA conduct audit every other year alternately. To address the possible cases of fraud and corruption associated with the Program implementation, the Program will rely on the respective country systems. It was agreed that the ASFCCC will oversee and control the Program on anti-corruption issues.

97. Investigations or criminal cases could be initiated based on the operational information collected by law enforcement agencies, including examination of media communications, information obtained from other jurisdictions, information from tax inspectors, auditors, as well as complaints received through government websites and hotlines, electronic appeals, reports from embassies and information received through other channels of complaints.

98. The Program implementation will be aligned to the Anti-Corruption Guidelines (ACG) applicable to PforR operations, and will include the below measures:

99. *Sharing of debarment list of firms and individuals.* The Recipient will use the World Bank's List of Debarred and Cross-Debarred firms and individuals to ensure that persons or entities debarred or suspended by the Bank are not awarded contracts under the Program during the period of such debarment or suspension. The list can be accessed on the World Bank's website (www.worldbank.org/debarr). The compliance with this requirement would be checked by the Program auditor.

100. *Sharing of information on fraud and corruption allegations.* The Recipient will share with the World Bank information on all complaints and actions taken or being taken on complaints and grievances received on fraud and corruption under the Program. The World Bank will be also informed about the actions and decisions taken by the relevant institutions to address the matter raised in the complaint. The ASFCCC will handle and report to the Bank allegations occurring under the Program through annual reports during the Program implementation.

101. *Investigation of fraud and corruption allegations.* The implementing agencies will provide full support to the country's anti-corruption agencies and the World Bank when carrying out investigations related to fraud and corruption allegations made during the Program implementation. The World Bank will be informed on all credible and material allegations or other indications together with the investigative and other actions that the Recipient proposed to take with respect thereto. The World Bank will retain a right to investigate allegations, and the Recipient will provide the World Bank the necessary access to needed persons and information applicable to the Program.

102. Other pillars of the Program Anti-Corruption system include use of independent auditors/verifiers for the audit/verification of the Program. The auditors will be appointed from the list of auditors acceptable to the Bank.

The risk of governance, fraud and corruption under the Program is High.

E. Procurement and Financial Management Capacity

103. The PPL provides for decentralization of the procurement function to procuring entities at all levels, provided the entities have obtained a status of "Qualified procuring entity" by the Government Qualification Committee. There is an established formal process for determining qualification of procurement entity to carry

out procurement funded with budgetary funds. Currently three entities from the energy sector, including BT, are accredited and included to the roster of qualified procuring entities. The status was granted due to the established specialized unit responsible for conduct of procurement and availability of staff certified as public procurement specialist. Specialists belong to different departments that are directly involved into the procurement process. The total number of certified procurement specialists in the sector is 11 (see Annex 4) which represents an adequate number of staff in the sector to manage the Program procurement activities. According to the PPL the status allows BT to independently conduct its own procurement as well as act as a centralized purchasing body for its regional offices and substructures. BT has experience in procurement of goods, non-consulting services, construction/rehabilitation works and limited experience with consulting services (e.g. design services). However, the maximum value of the conducted procurements does not exceed US\$2.27 million (equivalent). Procurement staff is lacking experience in undertaking procurement of goods and consultancy services contracts of a larger scale and requires strengthening its professional capacity building to ensure the Program implementation performance.

104. While maintaining the minimum required level of fiduciary capacity in the sector, the MEWR should develop and implement the sector fiduciary capacity development plan, including measures on adequate resourcing of fiduciary function, increase of fiduciary staff professional capacity. The Program action plan includes the development of the training program for the BT staff.

105. Financial management capacity of the BT needs to be improved. In particular, there is a need to improve the staff skills and knowledge in long-term investment planning, international accounting/ financial reporting standards, as well as internal audit capacities. The specific measures taken should ensure sustainability of the staff capacity in place. The capacity building and training plan, agreed with the Bank, to be developed and approved by the BT no later than 6 months after the Program effectiveness.

The risk associated with procurement and financial management capacity is assessed to be High.

F. Program Systems and Capacity Improvements

106. BT has overall acceptable procurement and financial management systems to plan budgets, execute and record transactions and produce the Program’s annual financial reports **subject to the actions to be implemented as per the Action Plan below**. The assessment findings conclude that the fiduciary framework for the Program is overall acceptable to support its implementation and to achieve its desired results. Overall the fiduciary risk for the operation is assessed as High given weaknesses identified FM arrangements, including internal controls, accounting, financial reporting, and procurement risks. A summary of key Fiduciary risk and mitigation measures would include at least the below:

Table 7: Summary of Key Fiduciary Risks.

Risk	Mitigation Measure	Timing	Type of Action (PAP, DLI, etc.)	Outcomes
High cost of borrowed funds	Revision of specified subsidiary agreements between MOF and BT to mirror the original terms reflected in international agreements between MOF and financiers;	During the Program implementation	DLI	The MOF and BT revise subsidiary agreements as recommended and share the copies of the revised agreements with the Bank.
Inefficient company	Corporate governance of BT, transmission, and	Supervisory Boards and the specialized	DLI	<ul style="list-style-type: none"> Procedures for selection of members of SBs at BT, appointment procedures, and respective qualification

Risk	Mitigation Measure	Timing	Type of Action (PAP, DLI, etc.)	Outcomes
operations and management	distribution companies is strengthened.	committees are in place by June 30, 2020 and continue to be functional during the whole period of the Program implementation		<p>requirements are developed and approved.</p> <ul style="list-style-type: none"> • Selection of SB members, including independent members, is completed. Appointees have diverse set of skills and backgrounds, including international professionals from electricity sector, finance or law. • SBs form specialized committees, comprising solely of the board members and chaired by independent members. At least the following committees are required to be in place: Audit Committee, Compensation Committee. <p>The action will be monitored via Authorizations for the appointments of directors (resolution or decree) and minutes of the Supervisory Board meeting to be shared with the Bank.</p>
Weak capacity of financial management, accounting and internal audit staff	<p>Hire two additional internal audit staff for BT</p> <p>The internal audit staff to pass the national IA Certification</p> <p>Prepare a capacity building and training plan, acceptable to the Bank, for improving the BT staff capacity in longer term institutional capital budget planning, international accounting/financial reporting standards/auditing standards and internal control procedures.</p>	<p>No later than 6-months after the project effectiveness</p> <p>Within one year after the Program effectiveness</p> <p>The capacity building and training plan, agreed with the Bank, to be developed and approved by the BT no later than 6 months after the Program effectiveness.</p>	PAP	<p>Roster of the internal audit unit staff will be reported by the BT to the Bank after 6-months after the program effectiveness as well as semi-annually prior to implementation support missions</p> <p>The copies of the issued IA certificates to be presented to the Bank</p> <p>A fiduciary staff capacity building and training plan, with specifying concrete activities, resources and deadlines, is developed, agreed with the Bank and approved by the BT. This should include specific training activities focused on accounting, reporting, internal audit as well as capital budget planning areas, with syllabus and resources as well as timing agreed with the Bank. The Bank will monitor the implementation of the planned activities by their deadlines.</p> <p>The plan should have specific measures to address the certification of the staff knowledge and measures to retain the trained staff at the company.</p>
Payment delays	BT payments processed according to exact dates indicated in the contract conditions but not later than 3 months	During the Program implementation	PAP	Contract execution report that is included in the annual procurement review.

Risk	Mitigation Measure	Timing	Type of Action (PAP, DLI, etc.)	Outcomes
	after fulfilment of Contractors/Suppliers/ Consultants obligations under the contract.			
Incomplete bidding documents with unclear qualifications and technical requirements, evaluation criteria and general conditions of contract	Development of General Conditions of Contract by BT to be included in the standard bidding documents for the Program procurement of goods, works, and non-consulting services	Three months after effectiveness	PAP	Complete Bidding Documents with general conditions of contract.
No independent and effective institutional setup for handling of complaints	Systematic tracking of the complaint reviews in the BT website. BT shall create a dedicated section in its public Web site to post the information on (i) any procurement related complaint received; (ii) date, time and place of the complaint review; (iii) status of handling of this complaint (accepted or rejected with indication of the related reasons); (iii) decision of complaint handling. In addition, allow bidders to simultaneously file the complaint with both BT and SAPP	During the Program implementation	PAP	Capacity of staff and transparency handling complaints improved. Outcomes of complaint reviews disclosed and open to public.
Lack of experience with hiring consultancy services due to lack of funds allocated for such services in the budget.	Outsourcing specialized services such as capacity development support, IVA and audit to the market on a competitive basis.	During the Program implementation	PAP	Provide necessary advisory services in a timely and quality manner to support Program implementation and achievement of its results

G. Fiduciary Action Plan

Table 8: Fiduciary Action Plan.

Action Description	Responsibility	Recurrent	Frequency	Due Date	Completion Measurement
Hire two additional internal audit staff for BT	BT	BT	One-time action	No later than 6-months after the project effectiveness	
The internal audit staff to pass the national IA Certification	BT	BT	One-time action	Within one year after the Program effectiveness	
Prepare a capacity building and training plan, acceptable to the Bank, for improving the BT staff capacity in longer term institutional capital budget planning, international accounting/financial reporting standards/auditing standards and internal control procedures, and procurement	BT	BT	A fiduciary staff capacity building and training plan, with specifying concrete activities, resources and deadlines, will is developed, agreed with the Bank.	The capacity building and training plan, agreed with the Bank, to be developed and approved by the BT no later than 6 months after the Program effectiveness .	All BT fiduciary staff (FM and Procurement) in charge of the implementation of the program have successfully attended the agreed capacity building and training plan
Development of General Conditions of Contract by BT to be included in the standard bidding documents for the Program procurement of goods, works, and non-consulting services	BT with support from SAPP	BT		No later than 6-months after the project effectiveness	Standard Bidding documents with adequate General Condition of Contract are available and ready for use under the Program
Create a dedicated section in BT public Web site to post the information on procurement complaints handling	BT	BT	Continuous during program implementation		Procurement complaints handling section of BT web site publishing information on: (i) any procurement related complaint received; (ii) date, time and place of the complaint review; (iii) status of handling of this

Action Description	Responsibility	Recurrent	Frequency	Due Date	Completion Measurement
					complaint (accepted or rejected with indication of the related reasons); (iii) decision of complaint handling
Outsourcing critical specialized services such as capacity development support, IVA and audit to the market on a competitive basis.	BT	BT	During program implementation		Necessary advisory services in a timely and quality manner to support Program implementation and achievement of its results

H. Implementation Support

107. During the Program implementation the Bank's fiduciary team will (i) review the implementation progress and working with the task team to examine the achievement of Program results and/or legal covenants/PAP that are of a fiduciary nature; (ii) help the Recipient to resolve implementation issues and carry out institutional support; (iii) monitor the performance of fiduciary systems and audit reports, including the implementation of the PAP; and (iv) monitoring changes in fiduciary risks to the Program and, as relevant, compliance with the fiduciary provisions of legal covenants capacity building. More specifically the Bank fiduciary team will:

- Monitor the Program financial statement preparation process and assist the Recipient as necessary.
- Review the Program and entity (BT) annual financial audit reports and management letters, discuss with the Recipient and monitor the implementation of the auditor's recommendation.
- Regularly monitor the steps taken by the BT's internal audit staff to progress with the national certification process;
- Conduct semi-annual review of the BT's internal audit unit's roster to ensure the adequate staffing is in place;
- Monitor the implementation progress of the BT capacity building and training plan, as agreed with the Bank, for improving the BT staff capacity in longer term institutional capital budget planning, international accounting/financial reporting standards/auditing standards and internal control procedures. The Bank will monitor the implementation of the planned activities by their deadlines.
- Review the BT internal audit annual plans, terms of reference and the scope of the audit. Review the annual internal audit reports and discuss with the Recipient the auditors' finding and recommendations as well as the necessary actions to address the observations and implement the recommendations.
- Monitor and help the Recipient as needed with establishing good corporate governance practice.

108. Proposed Procurement Indicators to be monitored during the Program implementation:

- Bidders participation. Average number of bids received (Baseline – 3 bids)
- Average lead time of procurement. Number of days between date of award and date of invitation to bid (Baseline - 5 weeks for unlimited method)
- Time for bid evaluation. Number of days between bid opening and publication of award (Baseline - 7 weeks for unlimited method).

- Delayed payment- not to exceed 60 days.

Annexes

Annex 1: Breakdown for Sangtuda-1 Recurrent Payables²⁸

Sangtuda-1 payables (in USD)	2019	2020	2021	2022	2023	2024	2025
Generation (GWh)	1,900	1,900	1,900	1,900	1,900	1,900	1,900
PPA Tariff (\$/kWh)	0.0296	0.0307	0.0320	0.0332	0.0346	0.0360	0.0374
PPA Tariff Escalation	4%	4%	4%	4%	4%	4%	4%
Total Cost (\$)	56,146,854	58,392,729	60,728,438	63,157,575	65,683,878	68,311,233	71,043,683
Total Cost (TJS)	529,442,378	550,620,073	572,644,876	595,550,671	619,372,698	644,147,606	669,913,510
Expected Recurrent Payment (TJS)	260,000,000	550,620,073	572,644,876	595,550,671	619,372,698	644,147,606	669,913,510
Repayment of Overdue Payable (TJS)	0	20,000,000	100,000,000	280,000,000	280,000,000	280,000,000	280,000,000
Outstanding Payable	1,325,405,632	1,305,405,632	1,205,405,632	925,405,632	645,405,632	365,405,632	85,405,632
Expected Recurrent Payment (USD) for 2019-2025	443,464,390						
Expected Recurrent Payment (USD) supported by Program (for 2020-2025)	387,317,536						

²⁸ Source: BT.

Annex 2: PEFA Indicators

PEFA - 2017 Indicators		Score
PI-1	Aggregate expenditure out-turn	A
PI-2	Expenditure composition out-turn	D+
PI-3	Revenue out-turn	B
PI-4	Budget classification	B
PI-5	Budget documentation	A
PI-6	Central government operations outside financial reports	A
PI-7	Transfers to sub-national governments	B
PI-8	Performance information for service delivery	D
PI-9	Public Access to fiscal information	D
PI-10	Fiscal risk reporting	C
PI-11	Public investment management	D+
PI-12	Public asset management	C+
PI-13	Debt management	A
PI-14	Macroeconomic and fiscal forecasting	C
PI-15	Fiscal strategy	C+
PI-16	Medium-term perspective in expenditure budgeting	D+
PI-17	Budget preparation process	B
PI-18	Legislative scrutiny of budgets	B+
PI-19	Revenue administration	C+
PI-20	Accounting for revenue	A
PI-21	Predictability of in-year resource allocation	C+
PI-22	Expenditure areas	C+
PI-23	Payroll controls	C+

PI-24	Procurement management	B
PI-25	Internal controls on non-salary expenditure	B+
PI-26	Internal audit	C
PI-27	Financial data integrity	B+
PI-28	In-year budget reports	B+
PI-29	Annual financial reports	D+
PI-30	External audit	C+

Annex 3: ADB Sector development program – Draft Policy Matrix

Policy statement	Actions/indicators	Evidence	Timeline
Policy Area A: Sector structural reform			
<p>1. Sector unbundling process is completed</p>	<p>Establishing new Transmission and Distribution Companies</p> <ul style="list-style-type: none"> • Charters of the two new companies (Transmission and Distribution) are approved • Two new companies are legally registered and established • Members of the Board of Directors (maximum 7 members [of which 3 are international independent professionals from electricity sector]) of each company are appointed and start their duties • Board of Directors appoints temporary CEOs before management contracts comes in force. • Code of ethics is adopted by the Board of each company <p>Changes to BT (Generation Company)</p> <ul style="list-style-type: none"> • Amended charter of BT to separate transmission and distribution functions and to add new functions of market operator and compliance officer is approved. • New functions of market operator and compliance officer are established, staffed and start operations. • Code of ethics is adopted by the Board <p>Operations of all three companies</p> <ul style="list-style-type: none"> • Three companies operate as independent entities 	<ul style="list-style-type: none"> • Approved government decree with charters attached • Copy of the corporate register • Authorizations for the appointments of directors (resolution or decree) • Minutes of the first Board meeting of each company • Code of corporate conduct and approval memo • Approved government decree amending BT's charter • Approved new organizational structure of BT • Code of corporate conduct and approval memo 	<p>April 2019 (completed)</p> <p>April 2019 (completed)</p> <p>May 2019 (delayed)</p> <p>May 2019 (delayed)</p> <p>June 2019 (delayed)</p> <p>April 2019 (completed)</p> <p>May 2019 (delayed)</p> <p>June 2019 (delayed)</p> <p>May 2019 (delayed)</p>

Policy statement	Actions/indicators	Evidence	Timeline
	<ul style="list-style-type: none"> ○ No more than 2 directors of the Board have seats in more than one company – no single board member can be a chairman of both companies. ○ CEOs of Transmission and Distribution Companies approve interim management positions and personnel (until management contract starts) are appointed and start their duties. ○ Triparty technical agreement between BT, Transmission and Distribution companies (describing operational matters, duties and responsibilities of each, border between companies, rules for join operation of bordering assets, etc.) is signed. 	<ul style="list-style-type: none"> • Authorized list of board members of all companies • Appointment letters of all management positions • Copy of the signed agreement. 	<p>May 2019 (delayed)</p> <p>June 2020 (delayed)</p>
<p>2. Sector's financial flow is re-defined with an escrow account mechanism</p>	<ul style="list-style-type: none"> • Establish an Escrow Account and Escrow Account Management Board to manage cash resources according to rules of escrow account operation. • Escrow Account Management Board approves fund distribution formula which includes component for servicing of old debt obligations. • Triparty Escrow Account Agreement between BT, Transmission and Distribution companies signed. • The Distribution Company and large consumers (receiving electricity on 110kV or above) sign power sales purchase agreements with BT and transmission agreement with Transmission Company. • Billing and payment relationship among the entities is started 	<ul style="list-style-type: none"> • Government decree • Escrow agreement with the escrow bank; • Decision of the Escrow Account Management Board • Copy of the signed agreement • Copy of the signed agreements. • Statement of the escrow account • First invoices from the generation company to the distribution company and large customers; first invoices from the transmission company to distribution company and large 	<p>April 2019 (delayed)</p> <p>April 2019 (delayed)</p> <p>May 2019 (delayed)</p> <p>May 2019 (delayed)</p> <p>June 2019 (delayed)</p> <p>June 2019 (delayed)</p>

Policy statement	Actions/indicators	Evidence	Timeline
		customers; record of payment transactions against those invoices.	
3. Electricity sector regulator is established	<ul style="list-style-type: none"> • Electricity regulator is established under Anti-monopoly Committee with well-defined organizational structure • The regulator is staffed and starts its functions 	<ul style="list-style-type: none"> • Approved government decree that establishes the regulator, defining its functions, budgeting and responsibilities • Approved organizational structure and internal rules of the regulator 	<p>April 2019 (completed)</p> <p>April 2019 (delayed)</p>
4. Tariff methodology to achieve cost recovery and affordability for vulnerable customers is adopted and implemented	<ul style="list-style-type: none"> • Tariff methodology is enacted • The three companies (BT, transmission company and distribution company) submit tariff petition to the regulator based on the tariff methodology • The regulator is trained to implement the tariff methodology and determines tariffs according to the methodology • The regulator consults with regulated companies on tariff determination • The regulator submits the determined tariff to the government for approval 	<ul style="list-style-type: none"> • Approved government decree • Tariff petitions from three companies • Copy of the new tariff determination following new tariff methodology. • Minutes of consultations • A copy of the submission of the new tariff determination to the government 	<p>April 2019 (completed)</p> <p>May 2019 (delayed)</p> <p>June 2019 (delayed)</p> <p>June 2019 (delayed)</p> <p>July 2019 (delayed)</p>
Policy Area B: BT's financial issues			
5. BT's liabilities against the government are restructured	<ul style="list-style-type: none"> • All ADB and World Bank grants are converted to BT's equity • Terms of all subsidiary loan agreements from Ministry of Finance to BT are aligned with original loan terms, and all late penalties on subsidiary loan agreements are canceled. 	<ul style="list-style-type: none"> • Resolution or decree finalizing this action • Amended subsidiary loan agreements. • Resolution or decree finalizing this action 	<p>March 2019 (delayed)</p> <p>April 2019 (delayed)</p>

Policy statement	Actions/indicators	Evidence	Timeline
Policy Area C: Sustainable management structure			
6. Management contract (distribution)	<ul style="list-style-type: none"> • For distribution management contract: <ul style="list-style-type: none"> ○ Expression of interest advertised ○ Short list completed ○ RFP issued ○ Technical proposal evaluated ○ Financial proposal evaluated ○ Contract is awarded ○ Management contractors are mobilized • Representatives of ADB, EBRD and World Bank are appointed as observers to the Board of Directors of Transmission and Distribution Companies (without voting rights). • Resolution of the taxation issues for the management contractor is in place. 	<ul style="list-style-type: none"> • Signed and effective management contract. • All authorizations (e.g. work permits) for management contractor personnel. • Confirmation of the appointment of representatives of ADB, EBRD and World Bank • Confirmation of the resolution of the taxation of the management contractor. 	

Annex 4: List of Certified Procurement Specialists in Energy Sector

	Procuring Entity	Name	Position	Presence of Procurement Certificate
1	BT, Department on financial management and administrative services	Nosirjon Gaforiyon	Head of division on marketing and procurement of goods	Yes
2	BT, Department on financial management and administrative services	Faridun Murtazoev	Manager on economics and finance	Yes
3	BT, Capital Construction Department	Shuhrat Kahorov	Head of Department	Yes
4	BT, Department on financial management and administrative services	Parviz Yorov	Lead economist of division on marketing and procurement of goods	Completed training. Certificate to be received
5	State Establishment "Administration of the zone of submersion of Rogun HPP"	Numon Kurbon		Yes
6	OSC "Rogun HPP"	Mehridin Tohirzoda		Yes
7	OSC "Rogun HPP"	Farrukh Sharipov		Yes
8	OSC "Rogun HPP"	Firuz Sabzaev		Yes
9	OSC "Rogun HPP"	Rustam Ziyaev		Yes
10	OSC "Rogun HPP"	Takhmina Saidova		Yes
11	OSC "Rogun HPP"	Mavzuna Bozorova		Yes

Annex 5: Payment Plan for Energy from Sangtuda-1 IPP in 2016-2018²⁹

Period	Energy Costs for the Period as per act, (TJS)	Planned Payment (TJS)	Actual Payment (TJS)	Difference Between Planned and Actual (%)
Jan-16	42,576,689.09	15,000,000.00	15,000,000.00	-
Feb-16	43,431,649.63	15,000,000.00	15,000,000.00	-
Mar-16	43,264,729.26	15,000,000.00	15,000,000.00	-
Apr-16	40,463,479.73	16,000,000.00	16,000,000.00	-
May-16	30,278,502.91	23,000,000.00	17,000,000.00	26%
Jun-16	24,837,637.06	25,000,000.00	25,000,000.00	-
Jul-16	24,138,758.18	25,000,000.00	25,000,000.00	-
Aug-16	22,955,515.72	25,000,000.00	25,000,000.00	-
Sep-16	24,771,821.03	25,000,000.00	25,000,000.00	-
Oct-16	29,321,321.64	25,000,000.00	25,000,000.00	-
Nov-16	31,245,981.14	21,000,000.00	21,000,000.00	-
Dec-16	36,188,647.26	20,000,000.00	20,000,000.00	-
Total for 2016	393,474,732.65	250,000,000.00	244,000,000.00	2.4%
Jan-17	45,340,710.20	16,000,000.00	16,000,000.00	-
Feb-17	46,905,999.74	17,000,000.00	17,000,000.00	-
Mar-17	42,421,261.33	19,000,000.00	19,000,000.00	-
Apr-17	24,197,247.04	22,000,000.00	22,000,000.00	-
May-17	26,811,244.91	24,000,000.00	24,000,000.00	-
Jun-17	27,250,085.50	24,000,000.00	24,000,000.00	-
Jul-17	27,270,512.75	24,000,000.00	24,000,000.00	-

²⁹ Source: BT.

Period	Energy Costs for the Period as per act, (TJS)	Planned Payment (TJS)	Actual Payment (TJS)	Difference Between Planned and Actual (%)
Aug-17	27,756,112.02	24,000,000.00	24,000,000.00	-
Sep-17	39,321,374.43	24,000,000.00	24,000,000.00	-
Oct-17	33,427,679.41	24,000,000.00	24,000,000.00	-
Nov-17	38,143,268.15	21,000,000.00	21,000,000.00	-
Dec-17	52,272,030.21	21,000,000.00	21,000,000.00	-
Total for 2017	431,117,525.69	260,000,000.00	260,000,000.00	-
Jan-18	54,515,906.95	16,000,000.00	16,000,000.00	-
Feb-18	50,804,542.18	17,000,000.00	17,000,000.00	-
Mar-18	46,228,294.12	19,000,000.00	19,000,000.00	-
Apr-18	41,751,565.57	22,000,000.00	22,000,000.00	-
May-18	64,686,399.55	24,000,000.00	24,000,000.00	-
Jun-18	69,637,955.02	24,000,000.00	24,000,000.00	-
Jul-18	69,736,933.21	24,000,000.00	24,000,000.00	-
Aug-18	41,064,728.76	24,000,000.00	24,000,000.00	-
Sep-18	40,825,115.87	24,000,000.00	24,000,000.00	-
Oct-18	36,032,916.53	24,000,000.00	24,000,000.00	-
Nov-18	49,258,772.62	21,000,000.00	21,000,000.00	-
Dec-18	55,481,607.84	21,000,000.00	21,000,000.00	-
Total for 2018	620,024,738.22	260,000,000.00	260,000,000.00	-

Annex 6: Comparison of BT Annual Projected and Actual Revenues³⁰

In million TJS	2016				2017				2018			
	Planned	Actual	Variance	Notes clarifying the variance	Planned	Actual	Variance	Notes clarifying the variance	Planned	Actual	Variance	Notes clarifying the variance
Revenue, including	1826.4	1688.6	-7.5%		2045.1	2113.7	+3.4%		2696.0	2848.4	+5.7%	
electric energy	1813.6	1683.4	-7.2%		2030.1	2107.3	+3.8%		2684.4	2837	+5.7%	
heat energy	12.8	5.2	-59.4%	due to change of the fuel type used	15.0	6.4	-57.3%	due to change of the fuel type used	11.6	11.4	-1.7%	

³⁰ Source: BT.

Annex 7: Comparison of BT Annual Projected and Actual Costs³¹

In million TJS	2016				2017				2018			
	Planned	Actual	Variance	Notes clarifying the variance	Planned	Actual	Variance	Notes clarifying the variance	Planned	Actual	Variance	Notes clarifying the variance
Cost of sales, Selling and Admin costs, including	1854.6	1757.5	-5.2%		2113.5	2092.5	-1%		2256.3	2618.2	+16.0%	
salary and related taxes and social payments	320.4	219.6	-31.5%	due to 50% reduction of the Central Administration staff and 10% reduction of other department staff	332.9	269.0	-19.2%	Due to reduction of top-ups for overtime and daily duty	314.6	286.8	-8.8%	Due to reduction of the number of staff
Depreciation	585.4	444.4	-24.1%	Due to write off of obsolete equipment	541.7	463.2	-14.5%	Write off of obsolete equipment	468	471.6	+0.8%	
purchased electricity	276.3	519.1	+87.9%	due to changes in purchase terms/supplied actual power under Sangtuda-2 for 2014-2016 period	575.8	706.8	+22.8%	due to foreign exchange	757.9	1003.3	+32.4%	due to foreign exchange
fixed assets maintenance/repair	108.5	81.6	-24.8%	due to lack of cash funds	104.2	102.3	-1.8%		99.0	130.5	+31.8%	due to upgrading the Thermal Power Plant-1 from 25 to 120 Mwt, which was not initially planned
water royalty tax	35.3	33.4	-5.4%		42.3	43.4	+2.6%		43.1	43.2	+0.1%	
fuel purchases	284.1	182.2	-35.9%	due to limited supply of the fuel by suppliers	311.7	256.5	-17.7%	due to limited supply of the fuel by suppliers	335.8	326.3	-2.8%	
Other	244.6	277.2	+13.3%	due to inflation of material and service prices	204.9	251.3	+22.6%	due to inflation of material and service prices	237.9	356.5	+49.9%	due to inflation of material and service prices

³¹ Source: BT.

Annex 8: Comparison of BT Annual Projected and Actual Expenditures on Rehabilitation and Maintenance of T&D Assets³²

Million TJS	2016			2017			2018		
	Planned	Actual	Variance	Planned	Actual	Variance	Planned	Actual	Variance
Expenditures on rehabilitation and upgrade of T&D assets	72.0	70.8	101.7%	74.0	73.7	100.4%	78.2	77.9	100.4%

³² Source: BT.

Annex 9. Review of payments under sample contracts of Barqi Tojik

Number	Procurement method	Procurement title	date of advertisement	Contract date	Number of advertisement/contract	Contractor/Supplier	Estimated cost (USD)	Contract sum	Delivery act	Date of final payment	Amount of final payment	Payment period (days after delivery)	>60 days
1	electronic	Power transformer	14/12/2018	25/02/19	72/18	OOO Electroequipment Min Da	320,000	302,552USD	Ongoing	Ongoing	0	na	
2	electronic	Power transformer	7/08/2018	14/09/18	61/18	OOO Electroequipment Min Da	400,000	397,601USD	17/12/18	28/01/2019	397,601USD	42	
3	electronic	Power transformer	16/06/2017	02/08/17	06/17	OJSC Kentaus	740 134	647,629USD	24/10/17	06/12/2017	647,629USD	40	
4	electronic	Power transformer	27/09/2017	01/11/17	35/17	LLC Nurali	124,788	1 096 488TJS	31/01/18	26/12/18	554,874TJS	320	Yes
5	unlimited	Rehabilitation of transmissions	13/02/18	14/05/18	04/18	LLC Nurali	284,880	2 410 095TJS	ongoing	ongoing	2,000,000 TJS	na	
6	unlimited	Meters for Dushanbe	2/04/18	23/04/18	14/18	LLC Ramzi Vahdad	79,782	691,709TJS	25/05/18	03/08/18	675,983TJS	75	Yes
7	electronic	Meters for energy stations	13/07/17	27/07/17	16/17	OOO Mehvari Dushanbe	2,270,150	19 143 000TJS	29/12/17	29/12/17	19,143,000TJS	0	
8	unlimited	Modernization of the energy station	28/05/18	15/08/18	34/18	LLC Sherakati Osyo Shancy	3397,820	3 695 549TJS	01/12/18	05/04/19	3,000,000TJS	120	yes
9	electronic	Power transformer	24/10/18	15/01/19	81/18	LLC Kaustik	792,240	7 089 838TJS	15/01/19	18/01/19	7,089,838TJS	3	
10	electronic	Oil for transformers	8/08/18	6/09/18	64/18	OOO Neftegazalyance	557 040USD	511,577.92USD	6/11/18	25/01/19	511,577.92USD	7	

Annex 10. List of BT Statutory Financial Reporting

Report type	Periodicity of financial reports	Agency to whom the reports are submitted	Submission Deadline
Tax declaration reports (VAT, Royalty, road fund, minimal tax on profit)	Monthly	Tax committee	Within 25 days after the end of the reporting period
Tax declaration (income tax and social payments)		Tax committee	Within 15 days after the end of the reporting period
Report on revenue and costs		The MOF	Within 5 days after the end of the reporting period
Report on revenue and costs, as well as on salary cost		The MEWR	Within 5 days after the end of the reporting period
Financial Reports (Balance Sheet, Cash Flow Statement, Comprehensive Income Statement, Changes in Equity)	Quarterly	The MEWR	Within 25 days after the end of the reporting period
Financial Reports (Balance Sheet, Cash Flow Statement, Comprehensive Income Statement, Changes in Equity)		The MOF	Within 25 days after the end of the reporting period
Financial Reports (Balance Sheet, Cash Flow Statement, Comprehensive Income Statement, Changes in Equity)		Agency of Statistics	Within 25 days after the end of the reporting period
Business Travel reports		Agency of Statistics	Within 10 days after the end of the reporting period
Report on Foreign Currency flow.		Agency of Statistics	Within 8 days after the end of the reporting period
Financial Reports (Balance Sheet, Cash Flow Statement, Comprehensive Income Statement, Changes in Equity)		The Ministry of Economic Development	As requested
Report on Social Insurance		Pension fund	Within 15 days after the end of the reporting period
Financial Reports (Balance Sheet, Cash Flow Statement, Comprehensive Income Statement, Changes in Equity)	Annual	The MEWR	Until February 8 of the subsequent year
Financial Reports (Balance Sheet, Cash Flow Statement, Comprehensive Income Statement, Changes in Equity)		The MOF	Until February 5 of the subsequent year
Financial Reports (Balance Sheet, Cash Flow Statement, Comprehensive Income Statement, Changes in Equity)		Agency of Statistics	Until March 1 of the subsequent year
Report on Fixed Assets		Agency of Statistics	Until March 25 of the subsequent year
Financial Reports (Balance Sheet, Cash Flow Statement, Comprehensive Income Statement, Changes in Equity)		The Ministry of Economic Development	Per request

Financial Reports (Balance Sheet, Cash Flow Statement, Comprehensive Income Statement, Changes in Equity)		Tax Committee	Until April 1 of the subsequent year
Report on profit tax		Tax Committee	Until April 1 of the subsequent year