Grant Agreement

(Public Finance Management Modernization II Project)

between

REPUBLIC OF TAJIKISTAN

and

INTERNATIONAL DEVELOPMENT ASSOCIATION
acting as administrator of the Support to Public Management in Tajikistan
Single-Donor Trust Fund

Dated February 14, 2016
GRANT NUMBER TF0A1735

SUPPORT TO PUBLIC MANAGEMENT IN TAJIKISTAN
SINGLE-DONOR TRUST FUND
GRANT AGREEMENT

AGREEMENT dated February 17, 2016, entered into between
REPUBLIC OF TAJIKISTAN ("Recipient"); and INTERNATIONAL DEVELOPMENT
ASSOCIATION ("World Bank"), acting as administrator of Support to Public
Management in Tajikistan Single-Donor Trust Fund.

The Recipient and the World Bank hereby agree as follows:

Article I
Standard Conditions; Definitions

1.01. The “Standard Conditions for Grants Made by the World Bank Out of Various
Funds”, dated February 15, 2012 ("Standard Conditions"), constitute an integral
part of this Agreement.

1.02. Unless the context requires otherwise, the capitalized terms used in this Agreement
have the meanings ascribed to them in the Standard Conditions or in this
Agreement.

Article II
The Project

2.01. The Recipient declares its commitment to the objectives of the Project and the
Program. To this end, the Recipient shall carry out the Project in accordance with
the provisions of Article II of the Standard Conditions

2.02. Without limitation upon the provisions of Section 2.01 of this Agreement, and
except as the Recipient and the World Bank shall otherwise agree, the Recipient
shall ensure that the Project is carried out in accordance with the provisions of
Schedule 2 to this Agreement.

Article III
The Grant

3.01. The World Bank agrees to extend to the Recipient, on the terms and conditions set
forth or referred to in this Agreement, a grant in an amount equal to nine million
seven hundred seventy thousand United States Dollars ($9,770,000) ("Grant") to
assist in financing the Project described in Schedule 1 to this Agreement ("Project").

3.02. The Recipient may withdraw the proceeds of the Grant in accordance with Section IV of Schedule 2 to this Agreement.

3.03. The Grant is funded out of the abovementioned trust fund for which the World Bank receives periodic contributions from the donors to the trust fund. In accordance with Section 3.02 of the Standard Conditions, the World Bank's payment obligations in connection with this Agreement are limited to the amount of funds made available to it by the donors under the abovementioned trust fund, and the Recipient's right to withdraw the Grant proceeds is subject to the availability of such funds.

**Article IV**

**Additional Remedies**

4.01. The Additional Event of Suspension referred to in Section 4.02 (k) of the Standard Conditions consist of the following, namely, that the World Bank has determined after the Effective Date referred to in Section 5.03 of this Agreement that prior to such date but after the date of this Agreement, an event has occurred which would have entitled the World Bank to suspend the Recipient's right to make withdrawals from the Grant Account if this Agreement had been effective on the date such event occurred.

**Article V**

**Effectiveness; Termination**

5.01. This Agreement shall not become effective until evidence satisfactory to the World Bank has been furnished to the World Bank that the conditions specified below have been satisfied:

(a) The execution and delivery of this Agreement on behalf of the Recipient have been duly authorized or ratified by all necessary governmental action.

(b) The Co-financing Agreements providing a credit and a grant in support of the Project, have been executed and delivered and all conditions precedent to their effectiveness have been fulfilled.

5.02. As part of the evidence to be furnished pursuant to Section 5.01 (a), there shall be furnished to the World Bank an opinion or opinions satisfactory to the World Bank of counsel acceptable to the World Bank or, if the World Bank so requests, a certificate satisfactory to the World Bank of a competent official of the Member Country, showing on behalf of the Recipient, that this Agreement has been duly
authorized or ratified by, and executed and delivered on its behalf and is legally binding upon it in accordance with its terms.

5.03. Except as the Recipient and the World Bank shall otherwise agree, this Agreement shall enter into effect on the date upon which the World Bank dispatches to the Recipient notice of its acceptance of the evidence required pursuant to Section 5.01 ("Effective Date"). If, before the Effective Date, any event has occurred which would have entitled the World Bank to suspend the right of the Recipient to make withdrawals from the Grant Account if this Agreement had been effective, the World Bank may postpone the dispatch of the notice referred to in this Section until such event (or events) has (or have) ceased to exist.

5.04. Termination for Failure to Become Effective. This Agreement and all obligations of the parties under it shall terminate if it has not entered into effect by the date one hundred and twenty (120) days after the date of this Agreement, unless the World Bank, after consideration of the reasons for the delay, establishes a later date for the purpose of this Section. The World Bank shall promptly notify the Recipient of such later date.

Article VI
Recipient's Representative; Addresses

6.01. The Recipient's Representative referred to in Section 7.02 of the Standard Conditions is the Minister of Finance.

6.02. The Recipient's Address referred to in Section 7.01 of the Standard Conditions is:

Ministry of Finance
3 Akademikho Rajabovho
Dushanbe, 734025
Republic of Tajikistan

Facsimile:

(992-372) 213320

6.03. The World Bank's Address referred to in Section 7.01 of the Standard Conditions is:

International Development Association
1818 H Street, N.W.
Washington, D.C. 20433
United States of America
Telex: Facsimile:
248423 (MCI) or 1-202-477-6391
64145 (MCI)

AGREED at Dushanbe, Republic of Tajikistan, as of the day and year first above written.

REPUBLIC OF TAJIKISTAN
By

Authorized Representative
Name: Abdusalam Qurbaniyon
Title: Minister of Finance

INTERNATIONAL DEVELOPMENT ASSOCIATION
acting as administrator of the Support to Public Management in Tajikistan Single-Donor Trust Fund

By

Authorized Representative
Name: Patricia Veever-Carter
Title: Country Manager
SCHEDULE 1

Project Description

The objective of the Project is to improve the effectiveness, control and accountability of the Recipient’s public expenditures.

The Project constitutes the second phase of the Program and consists of the following parts:

Part 1. Public Finance Management Modernization

1. Design and implementation of Public Financial Management (PFM) reforms through, *inter alia*: (a) the provision of technical assistance to the MoF and other relevant Recipient’s entities responsible for budget; (b) the carrying out of activities supporting the Recipient’s change management process to implement PFM reforms, including the carrying out of a consultation process within the Recipient’s public sector to assess the status of implementation of said reforms; (c) the design and implementation of Training courses and workshops on, *inter alia*, expenditure planning, budgeting, treasury, accounting and financial reporting; (d) the carrying out of a feasibility study on the introduction of a certification for PFM specialists; and (e) the provision and installation of Training and video-conferencing equipment, respectively.

2. Strengthening and implementation of the Recipient’s Public Financial Management Information System (“TFMIS”) through, *inter alia*: (a) the design of modules to support the implementation of commitment controls, cash management, purchase order processing and payroll management; (b) the integration of the TFMIS with other e-government systems of the Recipient, including human resources management and procurement systems; (c) the provision and installation of equipment (including software) for data recovery, document digitization, system security, expansion of network connectivity and storage in the Information Technology (IT) Center and regional offices, as necessary, including the provision of Training on the use of said equipment; and (d) the design and implementation of a strategy on developing more sophisticated and integrated financial management information systems.

3. Strengthening the Recipient and its state-owned enterprises’ accounting and financial reporting practices through, *inter alia*: (a) the development of: (i) accounting policies; (ii) a model chart of accounts; and (iii) accounting manuals; all for state-owned enterprises; (b) the revision of financial reporting templates; (c) the carrying out of an assessment of the software requirements for processing and analyzing state-owned enterprises’ financial statements; (d) the provision of Training to key accounting and financial reporting personnel of state-owned enterprises and relevant Recipient’s officials on the preparation of interim financial reports and proposed accounting policies developed under Part 1.3 (a)(i) above;
(e) the provision of support to selected state-owned enterprises for transitioning to interim financial reports; and (f) the incorporation of IFAC/IASSB’s International Standards of Auditing (ISA) into the Recipient’s regulatory framework, followed by the provision of related Training.

Part 2. Improving Public Procurement

1. Improving the legal and regulatory framework of the Recipient’s public procurement through, inter alia: (a) (i) carrying out a review of the Public Procurement Law (PPL); and (ii) if a new legal procurement framework is enacted, preparation of regulations; and (b) (i) development of manuals, guidance notes for procurement procedures and contract management; and (ii) the update of Recipient’s standard bidding documents based on the new legislation mentioned in (ii) herein.

2. Strengthening of the institutional capacity of the State Agency for Public Procurement through the provision of support for, inter alia: (a) carrying out a change management process to implement the procurement reforms mentioned in Part 2.1 of the Project, including carrying out of a consultation process with relevant stakeholders to assess the status of implementation of said reforms; (b) developing the State Agency for Public Procurements regulatory function, including developing a public procurement management system and a performance management framework for the Recipient’s public procurement system; (c) improving access to procurement data, including through the publication and dissemination of annual public procurement performance reports; and (d) establishing an independent complaints handling mechanism.

3. (a) Development of an e-procurement system through the design and implementation of modules for e-tendering, including framework agreement, contract management, procurement planning, on-line complaint handling mechanism; (b) the development of interfaces between the e-procurement system and the TFMIS budget and treasury modules; and (c) the design and implementation of a communication strategy to raise awareness of said e-procurement system among users in both public and private sectors, including through the provision of technical assistance and Training.

Part 3. Strengthening External Audit

1. Strengthening the governance and management framework through, inter alia: (a) the review of the existing organization structure; (b) the design and implementation of an audit coverage expansion plan; (c) the provision of Training; (d) the participation in INTOSAI and other international and regional auditing events; and (e) the design and implementation of a communication strategy.
2. (a) The design and implementation of an audit methodology for compliance and performance of audits (including public procurement audits); (b) the development of enabling tools for audit work planning and management and databases; (c) the provision of IT equipment for connectivity, communication, server and backup solutions; and (d) the design and implementation of an audit curriculum which includes technical and soft skills training.

Part 4. Managing Public Administration Reforms

1. Strengthening the institutional capacity of the Strategic Planning Unit through, *inter alia*: (a) the review and formal adoption of its organizational structure, functions, roles and responsibilities; (b) the development of a national strategic planning methodology and other related methodologies and sectorial strategies; (c) the development of strategic plans in key areas of public administration; (d) the carrying out of capacity building activities, including Training; and (e) the design and implementation of a communications strategy.

2. Design and implementation of the e-government roadmap through, *inter alia*: (a) the strengthening of the regulatory framework for e-government services and methodologies for the selection and prioritization of e-government services; (b) the design and implementation of a communication strategy; and (c) the carrying out of a pilot of selected e-government services (including business process reengineering and software development).

3. Strengthening of the Recipient’s human resource management system through, *inter alia*: (a) the development and operationalization of the civil service registry system; (b) the development of an automated and integrated performance appraisal system; (c) the development and implementation of a training program on human resources business processes and IT systems management; and (d) the development of preliminary business processes for a recruitment and selection module.

Part 5. Project Management

Strengthening the Recipient’s capacity through the provision of support for the implementation, monitoring and evaluation of the Project, including: (i) the carrying out of the Project audits; (ii) the carrying out of periodic user surveys (including dissemination of the results) to assess the impact of the reforms supported by the Project; and (iii) the carrying out of a communication campaign on the Project activities.
SCHEDULE 2

Project Execution

Section I. Institutional and Other Arrangements

A. Institutional Arrangements

1. The Recipient shall vest the overall responsibility for the implementation of the Project in the Ministry of Finance (MoF), and through the MoF, shall:

   (a) operate and maintain, throughout Project implementation, the Administration and Procurement Support Team Unit (APST) with qualified staff in sufficient numbers, adequate funds, facilities, services and other resources for Project implementation, all acceptable to the Bank; and

   (b) ensure that any additional staff of the APST financed under the Project shall be selected and hired in accordance with the provisions of Section III of this Schedule.

2. The Recipient, through APTS, shall: (a) carry out the Project in accordance with the requirements set forth in a manual acceptable to the World Bank (Project Operational Manual or POM); and (b) not assign, amend, abrogate, or waive the POM or any of its provisions, except with the prior written approval of the World Bank. In case of any conflict between the terms of the POM and those of this Agreement, the terms and conditions of this Agreement shall prevail.

3. The Recipient shall ensure, throughout Project implementation, the coordination among its offices, units and subordinated agencies/institutions (including the State Agency for Public Procurement (responsible for the technical implementation of Part 2 of the Project), the Executive Office of the President and its Civil Service Agency (responsible for the technical implementation of Part 4)), the Chamber of Accounts (responsible for the technical implementation of Part 3), the MoF (responsible for the technical implementation of Part 1 of the Project and the financial management and procurement aspects of the Project), and any other relevant ministry with technical, fiduciary and other Project related responsibilities for implementing the Project, all with powers, functions, capacity, staffing and resources acceptable to the World Bank to fulfill their respective responsibilities under the Project.
B. Anti-Corruption

The Recipient shall ensure that the Project is carried out in accordance with the provisions of the “Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants”, dated October 15, 2006 and revised in January 2011 (“Anti-Corruption Guidelines”).

C. Donor Visit

For the purposes of Section 2.09 of the Standard Conditions, the Recipient shall, upon the World Bank’s request, enable the representatives of the Donors to visit any part of the Recipient’s territory for purposes related to the Project.

Section II. Project Monitoring, Reporting and Evaluation

A. Project Reports; Mid-Term Review

1. The Recipient, through APTS, shall monitor and evaluate the progress of the Project and prepare Project Reports in accordance with the provisions of Section 2.06 of the Standard Conditions and on the basis of the indicators acceptable to the World Bank. Each Project Report shall cover the period of one calendar quarter, and shall be furnished to the World Bank not later than forty five (45) days after the end of the period covered by such report.

2. By September 30, 2018, or such other date as the World Bank shall agree upon, and without limitation to the provisions of Section 4.08 (b) of the General Conditions, the Recipient, through APTS, shall: (a) carry out jointly with the World Bank, a mid-term review on the progress achieved in the implementation of the Project; and (b) following such mid-term review, act promptly and diligently to take any corrective action recommended by the World Bank.

B. Financial Management; Financial Reports; Audits

1. The Recipient shall maintain, or caused to be maintained, a financial management system in accordance with the provisions of Section 2.07 of the Standard Conditions.

2. Without limitation on the provisions of Part A of this Section, the Recipient, through APST, shall prepare and furnish to the World Bank not later than forty five (45) days after the end of each calendar quarter, interim unaudited financial reports for the Project covering the quarter, in form and substance satisfactory to the World Bank.

3. The Recipient shall have its Financial Statements for the Project audited in accordance with the provisions of Section 2.07 (b) of the Standard Conditions.
Each audit of the Financial Statements shall cover the period of one fiscal year of the Recipient. The audited Financial Statements for each such period shall be furnished to the World Bank not later than six (6) months after the end of such period.

Section III. Procurement

A. General

1. Procurement and Consultant Guidelines. All goods and non-consulting-services and consultants’ services required for the Project and to be financed out of the proceeds of the Grant shall be procured in accordance with the requirements set forth or referred to in:


   (b) the provisions of this Section III, as the same shall be elaborated in the procurement plan prepared and updated from time to time by the Recipient for the Project in accordance with paragraph 1.18 of the Procurement Guidelines and paragraph 1.25 of the Consultant Guidelines (“Procurement Plan”).

2. Definitions. The capitalized terms used below in this Section to describe particular procurement methods or methods of review by the World Bank of particular contracts, refer to the corresponding method described in Sections II and III of the Procurement Guidelines, or Sections II, III, IV and V of the Consultant Guidelines, as the case may be.

B. Particular Methods of Procurement of Goods and Non-consulting Services

1. International Competitive Bidding. Except as otherwise provided in paragraph 2 below, goods and non-consulting services shall be procured under contracts awarded on the basis of International Competitive Bidding.

2. Other Methods of Procurement of Goods, and Non-consulting Services. The following methods, other than International Competitive Bidding, may be used for procurement of goods and non-consulting services for those contracts specified in the Procurement Plan: a) National Competitive Bidding, subject to the following
additional provisions set forth in Annex A to this Schedule; (b) Shopping; and (c) Direct Contracting.

C. Particular Methods of Procurement of Consultants' Services

1. **Quality- and Cost-based Selection.** Except as otherwise provided in paragraph 2 below, consultants' services shall be procured under contracts awarded on the basis of Quality- and Cost-based Selection.

2. **Other Methods of Procurement of Consultants' Services.** The following methods, other than Quality- and Cost-based Selection, may be used for procurement of consultants' services for those assignments which are specified in the Procurement Plan: (a) Quality-based Selection; (b) Selection under a Fixed Budget; (c) Least Cost Selection; (d) Selection based on Consultants' Qualifications; (e) Single-source Selection; and (f) Selection of Individual Consultants.

D. **Review by the World Bank of Procurement Decisions**

1. The Procurement Plan shall set forth those contracts which shall be subject to the World Bank’s Prior Review. All other contracts shall be subject to Post Review by the World Bank.

2. The Recipient, through APST, shall no later than June 30 of every year during the implementation of the Project, beginning on June 30, 2016 (or such other date as the World Bank shall agree upon): (i) prepare and furnish to the World Bank a procurement progress report (Procurement Report), in form and substance acceptable to the World Bank, which shall include, *inter alia:* (A) a description of the issues which arose during the full procurement cycle under the Project during the twelve (12) months preceding the date of presenting each Procurement Report, from design through planning, bidding, contract implementation and completion; (B) a list of proposed measures and actions to be taken to resolve the issues identified under (A) above; and (C) a proposed timeline for the implementation of the said measures and actions; and (ii) thereafter implement the proposed measures and actions under each Procurement Report in accordance with its terms and in a manner acceptable to the World Bank.

Section IV. **Withdrawal of Grant Proceeds**

A. **General**

1. The Recipient may withdraw the proceeds of the Grant in accordance with the provisions of: (a) Article III of the Standard Conditions; (b) this Section; and (c) such additional instructions as the World Bank may specify by notice to the Recipient (including the “World Bank Disbursement Guidelines for Projects”
dated May 2006, as revised from time to time by the World Bank and as made applicable to this Agreement pursuant to such instructions), to finance Eligible Expenditures as set forth in the table in paragraph 2 below.

2. The following table specifies the categories of Eligible Expenditures that may be financed out of the proceeds of the Grant ("Category"), the allocations of the amounts of the Grant to each Category, and the percentage of expenditures to be financed for Eligible Expenditures in each Category:

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount of the Grant Allocated (expressed in USD)</th>
<th>Percentage of Expenditures to be Financed (exclusive of VAT and customs taxes and related fees)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Goods, non-consulting services, consultants' services and Training under Part 1.1. (a), (b), (c) and (d); 1.2. (a) and (b); 1.3.; 3.1.; 3.2.; 4.1.; 4.3. (c) and (d) of the Project</td>
<td>9,770,000</td>
<td>100%</td>
</tr>
</tbody>
</table>

**B. Withdrawal Conditions; Withdrawal Period**

1. Notwithstanding the provisions of Part A of this Section, no withdrawal shall be made for payments made prior to the date of this Agreement.

2. The Closing Date referred to in Section 3.06 (c) of the Standard Conditions is June 30, 2021.
ANNEX A
TO
SCHEDULE 2
NATIONAL COMPETITIVE BIDDING

The procurement procedure to be followed for National Competitive Bidding shall be the tendering with unlimited participation procurement method set forth in Law #168, the Law of the Republic of Tajikistan on “Public Procurement of Goods, Works and Services,” 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”); provided, however, that such procedure shall be subject to: (a) the provisions of Section 1 and paragraphs 3.3 and 3.4 of the Procurement Guidelines (as required by paragraph 3.3 of the Guidelines); and (b) the following paragraphs:

Participation in bidding

1. **Eligibility:** Eligibility of bidders to participate in a procurement process and to be awarded a World Bank financed contract shall be as defined under Section 1 of the Procurement Guidelines; accordingly, no bidder or potential bidder shall be declared ineligible for contracts financed by the World Bank for reasons other than those provided in Section 1 of the Procurement Guidelines.

2. **Domestic Preference:** No domestic preference may be applied in bid evaluation on the basis of bidder nationality, the origin of goods, services or labor, and/or preferential programs.

3. **Bidding Documents:** Procuring entities shall use the appropriate standard bidding documents acceptable to the World Bank, which documents shall be prepared so as to ensure economy, efficiency, transparency, and broad consistency with the provisions of Section 1 of the Procurement Guidelines. Until a modified version of the Recipient’s standard bidding documents has been approved by the World Bank, the World Bank’s sample NCB bidding documents for the Europe and Central Asia Region shall be used.

4. **Bid Validity:** The bid validity period required by the bidding documents shall be sufficient to account for any period that may be required for the approval and registration of the contract as contemplated in the PPL. An extension of bid validity, if justified by exceptional circumstances, may be requested in writing from all bidders before the original bid validity expiration date, provided that such extension shall cover only the minimum period required to complete the evaluation, award a contract, and/or complete the registration process. No further extensions shall be requested without the prior written concurrence of the World Bank.
5. Qualification: Qualification criteria shall be clearly specified in the bidding documents. All criteria so specified, and only such specified criteria, shall be used to determine whether a bidder is qualified. Qualification shall be assessed on a "pass or fail" basis, and merit points shall not be used. Such assessment shall be based entirely upon the bidder’s or prospective bidder’s capability and resources to effectively perform the contract, taking into account objective and measurable factors, including: (i) relevant general and specific experience, and satisfactory past performance and successful completion of similar contracts over a given period; (ii) financial position; and where relevant (iii) capability of construction and/or manufacturing facilities.

Prequalification procedures and documents acceptable to the World Bank shall be used for large, complex and/or specialized works contracts. Verification of the information upon which a bidder was prequalified, including current commitments and the bidder’s capability with respect to personnel and equipment, shall be carried out at the time of contract award. In the procurement of goods and works where prequalification is not used, the qualification of the bidder who is recommended for award of contract shall be assessed by post-qualification, applying the qualification criteria stated in the bidding documents.

6. Guarantees: Guarantees shall be in the format specified in the bidding documents. The bid guarantee shall be valid for twenty-eight days (28) beyond the original validity period of the bid, or beyond any period of extension if requested.

7. Bid Submission and Bid Opening: Prospective bidders shall be given at least thirty (30) days from the date of publication of the invitation to bid or the date of availability of the bidding documents, whichever is later, to prepare and submit bids. Bids may be delivered by mail or by hand. Bids shall be opened in public immediately after the deadline for their submission. The minutes of bid opening shall be signed by the members of the bidding committee immediately after bid opening. A copy of the bid opening minutes shall be promptly provided to all bidders who submitted bids, and to the World Bank with respect to contracts subject to the World Bank’s prior review. No bids shall be rejected at bid opening.

8. Bid Evaluation and Award of Contracts: Bidders shall not be allowed to be present during bid evaluation, and no information relating to the evaluation of bids shall be disclosed to bidders until the bidders are notified of the contract award. Evaluation criteria shall be clearly specified in the bidding documents. Evaluation of bids shall be made in strict adherence to the criteria specified in the bidding documents. All bid evaluation criteria other than price shall be quantifiable in monetary terms. Merit points shall not be used, and no minimum point or percentage value shall be assigned to the significance of price, in bid evaluation. Bidders shall not be eliminated on the basis of minor, nonmaterial deviations.
Contracts shall be awarded to the qualified bidder whose bid has been determined:
(i) to be substantially responsive to the bidding documents; and (ii) to offer the
lowest-evaluated cost.

A bidder shall not be required, as a condition for award, to undertake obligations
not specified in the bidding documents or otherwise to modify the bid as originally
submitted.

9. **Cost Estimates:** Cost estimates shall be confidential and shall not be disclosed to
prospective bidders. No bids shall be rejected on the basis of comparison with the
cost estimates and/or budget ceiling without the World Bank’s prior written
concurrence.

10. **Rejection of Bids and Re-bidding:** No bids shall be rejected solely because they
fall outside a pre-determined margin or “bracket” of prices. All bids (or the sole
bid if only one bid is received) shall not be rejected, the procurement process shall
not be cancelled, and new bids shall not be solicited without the World Bank’s
prior written concurrence.

11. **Contract Modifications:** With respect to contracts subject to the World Bank’s
prior review, the Recipient shall obtain the World Bank’s no objection before
agreeing to: (i) a material extension of the stipulated time for performance of a
contract; (ii) any substantial modification of the contract scope of services or other
significant changes to the terms and conditions of the contract; (iii) any variation
order or amendment (except in cases of extreme urgency) which, singly or
combined with all variation orders or amendments previously issued, increases the
original contract amount by more than fifteen percent (15%); or (iv) the proposed
termination of the contract. A copy of all contract amendments shall be provided
to the World Bank.

12. **Fraud and Corruption:** The bidding documents and contract as deemed acceptable
by the World Bank shall include provisions stating the World Bank’s policy to
sanction firms or individuals found to have engaged in fraud and corruption as
defined in the Procurement Guidelines.

13. **Inspection and Audit Rights:** In accordance with the Procurement Guidelines, each
bidding document and contract financed out of the proceeds of the Financing shall
provide that bidders, suppliers and contractors, and their subcontractors, agents,
personnel, consultants, service providers, or suppliers, shall permit the World Bank
to inspect all accounts, records, and other documents relating to the submission of
bids and contract performance, and to have them audited by auditors appointed by
the World Bank. Acts intended to materially impede the exercise of the World
Bank’s inspection and audit rights provided for in the Procurement Guidelines
constitute an obstructive practice as defined in the Procurement Guidelines.
Definitions


2. “Administrative and Procurement Support Team Unit” or “APST” means the unit established within the MoF, and referred to in Section I.A.1 (a) of Schedule 2 to this Agreement.

3. “Category” means a category set forth in the table in Section IV of Schedule 2 to this Agreement.

4. “Chamber of Accounts” means the Recipient’s Chamber of Accounts established pursuant to the Recipient’s Law on External Audit, dated June 2011, or any successor thereto.

5. “Civil Service Agency” means the Recipient’s Civil Service Agency.

6. “Co-Financing Agreements” means: (a) the Financing Agreement between the Recipient and the World Bank to assist in the financing of the Project through the provision of a Credit in an amount of four million Special Drawing Rights (SDR 4,000,000); and (b) the Financing Agreement between the Recipient and the World Bank to assist in the financing of the Project through the provision of a Grant in an amount of three million two hundred thousand Special Drawing Rights (SDR 3,200,000).


10. “IFAC/IAASB” means International Federation of Accountants/International Auditing and Assurance Standards Board.

11. “Information Technology (IT) Center” means the Information Technology Center established within the MoF.

13. "Ministry of Finance" or "MoF" means the Recipient’s Ministry of Finance, or any successor thereto.


15. "Procurement Plan" means the Recipient’s procurement plan for the Project, dated March 19, 2015 and referred to in paragraph 1.18 of the Procurement Guidelines and paragraph 1.25 of the Consultant Guidelines, as the same shall be updated from time to time in accordance with the provisions of said paragraphs.

16. "Procurement Report" means any of the reports referred to in Section III.D.2 of Schedule 2 to this Agreement.


18. “Project Operational Manual” or “POM” means the operational manual, satisfactory to the World Bank, adopted by the Recipient and setting out the operational and administrative procedures for the implementation of the Project, including the criteria for selecting the state-owned enterprises under Part 3(d) of the Project, as the same may be amended from time to time with the prior written approval of the World Bank.


20. “State Agency for Public Procurement” means the Recipient’s State Agency for Public Procurement established pursuant to Recipient’s Resolution No. 228, dated May 3, 2010.

21. “Strategic Planning Unit” means the unit within the Executive Office of the President in charge of policy coordination within the Recipient’s public sector.

22. “Training” means expenditures (other than those for Consultants’ Services) incurred by the Recipient to finance Project related study tours, training courses, seminars, workshops and other training activities, including costs of training materials, space and equipment rental, travel and per diem costs of trainees, and trainers and trainers’ fees, based on an annual budget agreed with the World Bank.