Administration Arrangement
between the United Kingdom of Great Britain and Northern Ireland, acting through the Department for International Development, and
the International Development Association concerning
the Support to Public Finance Management in Tajikistan Single-Donor Trust Fund (No. TF072484)

1. The International Development Association (the "Bank") acknowledges that the United Kingdom of Great Britain and Northern Ireland, represented by the Department for International Development, (the "Donor", and together with the Bank, the "Parties" and each a "Party") intends to provide the sum of eight million pounds sterling (£8,000,000) (the "Contribution") for the Support to Public Finance Management in Tajikistan Single-Donor Trust Fund, No. TF072484 (the "Trust Fund") in accordance with the terms of this Administration Arrangement.

2. The Bank acknowledges the Donor’s preference that the Contribution be used to finance the activities set forth in the “Support to Public Finance Management in Tajikistan Trust Fund Description" attached hereto as Annex 1, and will be administered by the Bank on behalf of the Donor in accordance with the terms of this Administration Arrangement, including the “Standard Provisions” attached hereto as Annex 2 and the provisions on “Governance” attached hereto as Annex 3.

3. The Donor will deposit the Contribution in accordance with the following schedule and in the currency specified in Section 1 above ("Contribution Currency") into such bank account designated by the Bank (each amount deposited hereinafter referred to as an "Installment") upon submission of a payment request by the Bank:

(A) By November 1, 2015, the amount of £3,000,000 (three million pounds sterling)
(B) By May 1, 2017, the amount of £3,000,000 (three million pounds sterling)
(C) By May 1, 2018, the amount of £2,000,000 (two million pounds sterling).

4. When making any deposit, the Donor will instruct its bank to include in its deposit details information (remittance advice) field of its SWIFT deposit message, information indicating: the amount deposited, that the deposit is made by the Donor for TF072484 (the Support to Public Finance Management in Tajikistan Trust Fund), and the date of the deposit (the "Deposit Instructions"). In addition, the Donor will provide a copy of the Deposit Instructions to the Bank’s Accounting Trust Funds Division by e-mail sent to tfremitadvice@worldbank.org or by fax sent to +1 (202) 614-1315.

5. Except with respect to the Deposit Instructions, any notice, request or other communication to be given or made under this Administration Arrangement will be in writing and delivered by mail, fax or e-mail to the respective Party’s address specified below or at such other address as such Party notifies in writing to the other Party from time to time:

For the Bank (the “Bank Contact”):

Hassan Aliev
Task Team Leader
Governance Global Practice
The World Bank
48 Aini Street, Business Center Sozidanie
Dushanbe, Tajikistan
Tel: (992 48) 701 5800
Fax: (992 48) 701 5837
E-mail: haliev@worldbank.org
For the Donor (the “Donor Contact”):

Shuhrat Mirzoev
Central Asia Economic Advisor
Department for International Development of the United Kingdom of Great Britain and Northern Ireland (DFID)
65 Mirzo Tursunzoda Street
Dushanbe, Tajikistan
Tel: (992 37) 224 2221
Fax: (992 37) 224 1726
E-mail: S-Mirzoev@dfid.gov.uk

6. In the event any amounts are to be returned to the Donor under this Administration Arrangement, the Bank will transfer such amounts to the Donor, unless otherwise agreed with the Bank.

7. In providing funds under this Arrangement, the Donor does not intend to accept any responsibility or liability towards any third parties for any claims, debts, demands, damage or loss as a result of the implementation of the activities under the Trust Fund.

8. All annexes hereto constitute an integral part of this Administration Arrangement, whose terms taken together will constitute the entire agreement and understanding between the Donor and the Bank. Unless otherwise specified in an annex hereto, this Administration Arrangement may be amended only by written amendment between the Bank and the Donor.

9. It is understood that this Administration Arrangement, including any annexes, is not an international treaty. It is an administrative arrangement between the Bank and the Donor. Each of the undersigned represents, by confirming its acceptance below, that it is authorized to enter into this Administration Arrangement and act in accordance with its provisions. The Bank and the Donor are each requested to sign and date this Administration Arrangement, and upon possession by the Bank of this fully signed Administration Arrangement, this Administration Arrangement will become carried out as of the date of the last signature.

INTERNATIONAL DEVELOPMENT ASSOCIATION

By: ____________________________
Name: Saroj Kumar Jha
Title: Regional Director
        Central Asia
Date: 10/01/2015

UNITED KINGDOM OF GREAT BRITAIN AND NORTHERN IRELAND,
Represented by the Department for International Development

By: ____________________________
Name: Richard Montgomery
Title: Director
        Western Asia Division
Date: 7/10/15
Support to Public Finance Management in Tajikistan Trust Fund Description

This Annex will be applicable to and form an integral part of the Administration Arrangement for the Trust Fund between the Bank and the Donor.

1. **Objectives**

The objective of the Trust Fund is:

To improve the effectiveness, control and accountability of public expenditures in the Republic of Tajikistan (“Tajikistan”).

2. **Activities**

The activities to be financed by the Trust Fund are:

2.1 Bank-executed activities, for which the Bank has implementation responsibility:

2.1.1 **Program management and administration**

(i) Supervision and reporting of Recipient-executed activities.

(ii) Management and administration activities for the Trust Fund, including but not limited to, supporting Trust Fund related meetings; planning and executing work plans and budgets; managing communications and conducting outreach; disseminating lessons learned; reporting on progress; and monitoring and evaluating the activities.

2.2 Recipient-executed activities, for which one or more Recipients (as defined in Annex 2) have implementation responsibility:

2.2.1 **Core public finance management ("PFM") processes**

Provision of co-financing to the Bank-financed Public Finance Management Modernization Project 2, approved by the Bank’s Board of Directors on June 1, 2015 (“PFMMP2”), for:

(a) Technical assistance to the Ministry of Finance of Tajikistan to modernize core PFM functions and systems, including but not limited to treasury management, e-procurement, and the Tajikistan Financial Management Information System (TFMIS); and

(b) External audit reform through building of staff capacity and systems of the Chamber of Accounts of Tajikistan.

2.2.2 **Public sector performance**

Provision of co-financing to the PFMMP2 for:

(a) Technical assistance to the Public Administration Department of the Executive Office of the President of Tajikistan, for its carrying out of PFM reforms across Tajikistan’s government institutions; and
(b) Technical assistance to the State Civil Service Department of Tajikistan on its implementation of an automated performance management system in the Ministry of Finance of Tajikistan and wider civil service reform.

3. Eligible Expenditures

3.1 For Bank-executed activities, and in accordance with the Bank’s applicable policies and procedures, the Trust Fund funds may be used to finance:

(a) media, workshops, conferences, meetings and other;
(b) short-term consultants and temporaries.

For purposes of this section, “short term consultants and temporaries” includes fees and indirect rates charged to the Trust Fund as applicable under Bank policies and procedures.

3.2 For Recipient-executed activities, the Trust Fund funds may be used to finance eligible expenditures in accordance with the Bank’s applicable policies and procedures.

4. Taxes

4.1 The foregoing activities and categories of expenditures may include the financing of taxes in accordance with the Bank’s applicable policies and procedures.
This Annex will be applicable to and form an integral part of the Administration Arrangement for the Trust Fund between the Bank and the Donor, it being understood that any plural references in the annexes to Donors, Administration Arrangements, Contributions and pro rata shares will be read as singular references to the Donor, its Administration Arrangement, its Contributions thereunder and the remaining uncommitted balance of the Trust Fund, respectively.

1. **Administration of the Contributions**

1.1 The Bank will be responsible only for performing those functions specifically set forth in this Administration Arrangement and will not be subject to any other duties or responsibilities to the Donors, including, without limitation, any duties or obligations that might otherwise apply to a fiduciary or trustee under general principles of trust or fiduciary law. Nothing in this Administration Arrangement will be considered a waiver of any privileges or immunities of the Bank under its Articles of Agreement or any applicable law, all of which are expressly reserved.

1.2 Each Donor’s Contribution (collectively, the “Contributions”) will be administered in accordance with the Bank’s applicable policies and procedures, as the same may be amended from time to time, including its procurement, financial management, disbursement and safeguard policies, its framework to prevent and combat fraud and corruption and its screening procedures to prevent the use of Bank resources to finance terrorist activity, in line with the Bank’s obligations to give effect to the relevant decisions of the Security Council taken under Chapter VII of the Charter of the United Nations. The Donors acknowledge that this provision does not create any obligations of the Bank under the anti-terrorist financing and asset control laws, regulations, rules and executive orders of an individual member country that may apply to a Donor.

2. **Management of the Contributions**

2.1 The funds deposited in the Trust Fund will be accounted for as a single trust fund and will be kept separate and apart from the funds of the Bank. The funds deposited in the Trust Fund may be commingled with other trust fund assets maintained by the Bank. The Bank, in its capacity as trustee, has legal title to the funds deposited in the Trust Fund.

2.2 The currency in which the funds in the Trust Fund will be held is United States dollars (the “Holding Currency”).

2.3 Donors accept to deposit their Contributions in the Contribution Currency stated in their respective Administration Arrangements. In the case of deposits received in a Contribution Currency other than the Holding Currency, promptly upon the receipt of such amounts and the accompanying Deposit Instructions, the Bank will convert such amounts into the Holding Currency at the exchange rate obtained by the Bank on the date of the conversion. Where deposits prove to be insufficient to complete activities as a result of exchange rate fluctuations, neither the Bank nor the Donor will bear any responsibility for providing any additional financing.

2.4 The funds deposited in the Trust Fund may be freely exchanged by the Bank into other currencies as may facilitate their disbursement at the exchange rate obtained by the Bank on the date of the conversion.

2.5 The Bank will invest and reinvest the funds deposited in the Trust Fund pending their disbursement in accordance with the Bank’s applicable policies and procedures for the investment of trust funds administered
by the Bank. The Bank will transfer all income from such investment to the Donor’s applicable donor balance account with the Bank.

3. **Accounting and Financial Reporting**

3.1 The Bank will maintain separate records and ledger accounts in respect of the funds deposited in the Trust Fund and disbursements made therefrom.

3.2 The Bank will furnish to the Donors current financial information relating to receipts, disbursements and fund balance in the Holding Currency with respect to the Contributions via the World Bank’s Trust Funds Donor Center secure website. Within six (6) months after all commitments and liabilities under the Trust Fund have been satisfied and the Trust Fund has been closed, the final financial information relating to receipts, disbursements and fund balance in the Holding Currency with respect to the Contributions will be made available to the Donors via the World Bank’s Trust Funds Donor Center secure website.

3.3 The Bank will provide to the Donors via the World Bank’s Trust Fund Donor Center secure website, within six (6) months following the end of each Bank fiscal year, an annual single audit report, comprising (i) a management assertion together with an attestation from the Bank’s external auditors concerning the adequacy of internal control over cash-based financial reporting for all cash-based trust funds as a whole; and (ii) a combined financial statement for all cash-based trust funds together with the Bank’s external auditor’s opinion thereon. The cost of the single audit will be borne by the Bank.

3.4 If a Donor wishes to request, on an exceptional basis, a financial statement audit by the Bank’s external auditors of the Trust Fund, the Donor and the Bank will first consult as to whether such an external audit is necessary. The Bank and the Donor will decide on the appropriate scope and terms of reference of such audit. Following decision on the scope and terms of reference, the Bank will arrange for such external audit. The costs of any such audit, including the internal costs of the Bank with respect to such audit, will be borne by the requesting Donor.

3.5 The Bank will make available to the Donors copies of all financial statements and auditors’ reports received by the Bank from Recipients pursuant to any Grant Agreements (as defined below) in accordance with the Bank’s Access to Information Policy.

4. **Progress Reporting**

4.1 The Bank will provide the Donors with quarterly progress reports by January 15, April 15, July 15 and October 15. The progress reports will be provided with reference to the results framework agreed by the Bank and the Donors, as such results may be reviewed by the Parties from time to time. Within three (3) months of the End Disbursement Date (as defined below), the Bank will provide the Donors with a final report for the Trust Fund.

4.2 Any Donor may review or evaluate activities financed by the Trust Fund at any time up to closure of the Trust Fund. The Donor and the Bank will decide on the scope and conduct of such review or evaluation, and the Bank will provide all relevant information within the limits of the Bank’s applicable policies and procedures. All associated costs, including any costs incurred by the Bank, will be borne by the Donor. It is understood that any such review or evaluation will not constitute a financial, compliance or other audit of the Trust Fund.

5. **Disbursement; Cancellation; Refund**

5.1 It is expected that the funds deposited in the Trust Fund will be fully disbursed by the Bank by March 31, 2020 (the “End Disbursement Date”). The Bank will only disburse funds deposited in the Trust Fund for
the purposes of this Administration Arrangement (other than returns to Donors) after such date to the extent such date is changed in accordance with amendments made to the Administration Arrangements of all the Donors. Following the End Disbursement Date, the Bank will return any remaining balance of the Trust Fund to each Donor in the Holding Currency in the manner specified in its respective Administration Arrangement on a pro rata basis with regard to the total funds deposited in the Trust Fund by such Donor relative to the total funds deposited in the Trust Fund by all Donors, all calculated as Holding Currency amounts.

5.2 Any Donor may cancel all or part of such Donor’s pro rata share, and the Bank may cancel all or any Donors’ pro rata shares, upon three (3) months’ prior written notice, of any Contributions (paid and not yet paid) that are not committed pursuant to any agreements entered into between the Bank and any consultants and/or other third parties for the purposes of this Administration Arrangement, including any Grant Agreements, prior to the receipt of such notice. In the event of a cancellation, the Bank will return to the Donor its pro-rata share in the Holding Currency as specified in the Administration Arrangement; unless otherwise decided between the Bank and the Donor.

6. Disclosure; Dispute Resolution

6.1 The Bank will disclose the Administration Arrangements and related information on this Trust Fund in accordance with the Bank’s Policy on Access to Information. By entering into Administration Arrangements, the Donors consent to such disclosure of their respective Administration Arrangements and such related information.

6.2 The Donors and the Bank will use their best efforts to amicably settle any dispute, controversy, or claim arising out of or relating to the Administration Arrangements.

7. Grants to Recipients

7.1 The Bank will, as administrator of the Trust Fund on behalf of the Donors, enter into one or more grant agreements (the “Grant Agreements”) with recipients (the “Recipients”) consistent with the purposes of this Administration Arrangement and on the terms and conditions set forth in the Grant Agreements. Grant Agreements may be entered into up to the maximum amount of the Contributions that all Donors have decided to make available under the Administration Arrangements between the Bank and the Donors.

7.2 The Bank will calculate a fee each time funds (the “Grant Amount”) from the Trust Fund become committed under a Grant Agreement. Such commitment will occur when such Grant Agreement is fully countersigned (the “Calculation Date”). The fee so calculated by the Bank will be based on the cumulative total of funds from the Trust Fund committed under all Grant Agreements that have been fully countersigned on or prior to the Calculation Date (the “Cumulative Grant Total”). The calculated fee will depend on where the Cumulative Grant Total stands as the Grant Amount is added and will be determined in accordance with the following schedule:

(i) 5% of any portion of the Grant Amount that results in a Cumulative Grant Total below or equal to US$50 million; plus
(ii) 4% of any portion of the Grant Amount that results in a Cumulative Grant Total above US$50 million and below or equal to US$500 million; plus
(iii) 3% of any portion of the Grant Amount that results in a Cumulative Grant Total above US$500 million and below or equal to US$1 billion; plus
(iv) 2% of any portion of the Grant Amount that results in a Cumulative Grant Total above US$1 billion.
Following each Calculation Date, the Bank will deduct from the Trust Fund, and retain for its own account, the fee as set forth above. Grant Amounts may not exceed the balance of uncommitted funds in the Trust Fund net of the related fee.

7.3 The Bank will be responsible for the supervision of the activities financed under any Grant Agreements. Subject to the consent of any relevant Recipients, representatives of the Donors may be invited by the Bank to participate in Bank supervision missions related to the Trust Fund.

7.4 The Bank will promptly inform the Donors of any significant modification to the terms of any Grant Agreements and of any contractual remedies that are exercised by the Bank under any Grant Agreements. To the extent practicable, the Bank will afford the Donors the opportunity to exchange views before effecting any such modification or exercising any such remedy.
Governance

This Annex will be applicable to and form an integral part of the Administration Arrangement for the Trust Fund between the Bank and the Donor.

1. The Recipient of the Trust Fund will be the Republic of Tajikistan.

2. The Recipient will vest the overall responsibility for the implementation of the Recipient-executed activities of the Trust Fund in its Ministry of Finance. The Deputy Minister of Finance of the Recipient will be the Trust Fund Director, will serve as the primary contact point on Trust Fund activities implementation, and will prepare Trust Fund progress reports.

3. The Recipient’s institutions that will benefit from the Trust Fund (“Beneficiaries”) will be the following: Ministry of Finance, Chamber of Accounts, Public Administration Department of the Executive Office of the President, and the State Civil Service Department.

4. The implementation of the Trust Fund components of activities will be led by a senior official of the Recipient’s Beneficiaries (“Thematic Leader”) and may be supported by coordinators. The Thematic Leaders for the Trust Fund activities will be as follows:

   (a) Core PFM functions and systems: Deputy Minister of Finance;
   (b) External audit: Chairman of Chamber of Accounts.
   (c) Implementation of PFM reforms: Head of the Public Administration Department of the Executive Office of the President; and
   (d) Civil service: Head of the State Civil Service Department.

5. Each Beneficiary will establish technical working groups, or designate an existing structure, to coordinate the implementation of the Trust Fund activities across internal departmental structures of the Recipient.

6. The Donor will establish a steering committee (“PFM Steering Committee”) to facilitate coordination across Trust Fund components and the PFMM2.

7. The PFM Steering Committee will be chaired by the First Deputy Prime Minister and will include one member from the following: the Donor, the Bank, the Ministry of Finance, the Chamber of Accounts, the Public Administration Department of the Executive Office of the President, the State Civil Service Department of Tajikistan, the International Monetary Fund (“IMF”), and the Tajikistan Parliament.

8. The Recipient will hire a coordinator (“Coordinator”) to provide administrative and fiduciary support to the Trust Fund Director. The Coordinator will be responsible to manage the Ministry of Finance’s Administrative and Procurement Support Team (“APST”). APST will prepare an annual work plan (“AWP”) for the Trust Fund activities based on inputs from the Component Leaders. The AWP will be approved by the Trust Fund Director and endorsed by the PFM Steering Committee, when applicable.

9. The PFM Steering Committee will meet semi-annually to:

   (a) review performance of the Trust Fund;
   (b) resolve issues including substantive policy issues of the Trust Fund;
(c) endorse the AWP, when applicable;

(d) approve the Operational Manual, which will detail the responsibilities, accountability and decision-making authority during implementation of the Trust Fund activities; and

(e) ensure effective coordination between the activities financed by the Trust Fund and selected related activities to be financed by the Donor through the Governance and Security Framework Agreement and the Accountable Grant mechanism dated September 1, 2015.

10. The Trust Fund is an integral part of the PFMP2. The PFM Steering Committee will assure alignment of priorities between the Trust Fund and the PFMP2.