



Public Finance Management Modernization Project 2 (P150381)

EUROPE AND CENTRAL ASIA | Tajikistan | Governance Global Practice |
IBRD/IDA | Investment Project Financing | FY 2015 | Seq No: 6 | ARCHIVED on 29-Jun-2018 | ISR32962 |

Implementing Agencies: Ministry of Finance, Ministry of Finance

Key Dates

Key Project Dates

Bank Approval Date:01-Jun-2015

Effectiveness Date:10-May-2016

Planned Mid Term Review Date:01-Oct-2018

Actual Mid-Term Review Date:--

Original Closing Date:30-Jun-2021

Revised Closing Date:30-Jun-2021

Project Development Objectives

Project Development Objective (from Project Appraisal Document)

<p>The development objective of the project is to improve effectiveness, control and accountability of public expenditure of the Republic of Tajikistan.</p>

Has the Project Development Objective been changed since Board Approval of the Project Objective?

No

Components

Name

1. Public Finance Management Modernization:(Cost \$8.80 M)

2. Strengthening Public Procurement:(Cost \$2.50 M)

3. Strengthening External Audit:(Cost \$2.70 M)

4. Managing Public Administration Reforms:(Cost \$4.90 M)

5. Project Management:(Cost \$2.10 M)

Overall Ratings

Name	Previous Rating	Current Rating
Progress towards achievement of PDO	● Moderately Satisfactory	● Moderately Satisfactory
Overall Implementation Progress (IP)	● Moderately Satisfactory	● Moderately Satisfactory



Overall Risk Rating

● Substantial

● Substantial

Implementation Status and Key Decisions

Component 1. Public Finance Management Modernization

The project has limited activities on the MTEF reforms. Currently, the only activity associated with the first PDO indicator, which is to improve effectiveness of public expenditure, measured by the increased alignment of expenditure with policy priorities, is the activity related to development of a methodology for strategic planning, which will align the national policy framework with medium-term budget planning. This activity will assist the Executive Office of President (EOP) and MOF with development of nine templates[1] on sector strategies, costed and linked with the MTEF. In addition, the supplier will train relevant staff on design of sectorial Development Strategies, coordination, monitoring and evaluation of Strategic Development documents.

1.1. Building Capacity to Implement PFM Reforms.

The mission observed good progress in equipping four regional training centers. The project assisted the MoF Training Center in equipping its four regional centers. To date, the envisaged computers, servers for training, furniture, communication channels, and videoconference equipment are installed and operational.

The project is assisting the MoF in ensuring the effective use of public resources. MoF informed the mission about the efficiency in arranging regular meetings with heads of oblast financial departments through the videoconference facilities, installed in the regional training centers. It was highlighted that such meetings enabled the MoF to provide for more effective use of public resources. Without such facilities the MoF had to provide the heads of local financial offices with resources associated with their trips to and from Dushanbe. Currently, the installed videoconference equipment and WebEx software enable the MoF to save public funds in arranging regular meetings with its subordinates. The MoF plans to extend the WebEx license from 50 to 100 to cover the 73 rayon financial branches of the MoF.

1.2. Development of Tajikistan Financial Management Information System (TFMIS).

The new procurement approach, applied during the second tendering to procure additional modules of the TFMIS, succeeded. The first procurement tendering on development of the additional modules of the TFMIS was unsuccessful with no bids submitted. According to APST, the reason could be associated with "strict-rigid requirements" envisaged in the bidding documents. The new approach enabled the Ministry to attract interest from several qualified firms. To date, the technical and financial evaluation have been completed, and a potential winner was identified. The Ministry has launched contract negotiations with the potential winning firm. It is expected that the contract will be signed by July 1, 2018.

The MoF Data Center will be located close to the Ministry of Finance's new building. The mission was pleased to learn that the Ministry of Finance took into account the mission's recommendation and reconsidered its decision to place the data center in the basement of the Ministry of Finance's new building.

The current plan is to place two containerized data centers on an elevated concrete pad on the grounds of the new MoF building and have the data center operational in late 2019. The design of the support platform is being completed and once MoF approval is received, the tender document will be prepared and submitted to the Bank. The mission discussed the procurement options, including, separate procurements for the containerized data center and its infrastructure (e.g.: structured wiring, racks for servers and network equipment, uninterrupted power supply, air conditioning, generators ...), a single procurement with two lots – one for the containers and their contents and one for the servers and network equipment or one contract to provide the containerized data center as a turnkey solution. The team will undertake the analysis to determine which option would deliver an optimal solution at the lowest likely cost.

1.3. Implementation of IPSAS.

Implementation of IPSAS. The mission appreciated the approach taken over the past 6 months, since the previous mission, where representatives of the Accounting Methodology Department of MoF held regular consultations with the Bank on reviewing sample Ministries' and budget organizations' financial statements for compliance with IPSAS. The Bank provided advisory support that included specific recommendations for revision of the statements to achieve compliance.

The mission was informed of ongoing progress toward improved compliance with reporting requirements and timelines. As at the end of April, about 85 percent of the 100 reporting entities had submitted to MoF draft financial statements for the year ended December 31, 2017. This was an improvement from the previous year when similar percentage was only achieved in October/November. The mission was informed that the Accounting Methodology Department, with support of the local consultant, was reviewing submitted statements to determine the extent of progress toward compliance with already approved and issued standards.

1.4. Accounting and Financial Reporting by State-Owned Enterprises.

This subcomponent supports implementation of requirements of the 2011 Accounting Law requirement for all Public Interest Entities, including all major



State-Owned Enterprises, to apply International Financial Reporting Standards (IFRS). The project supports knowledge and capacity building in two ways: strengthening the regulator, the Ministry of Finance (Accounting Methodology Department and Department of SOE Supervision); and by assisting up to three SOE transition to the IFRS.

The mission was pleased with notable progress toward identifying and responding to capacity building needs of accounting and reporting personnel in priority SOEs and selection of priority SOEs to be supported. Consultancy support had been provided in assessing technical capacity of key staff of the 24 largest SOEs and providing tailored training at the Ministry of Finance Training Center, on IFRS and proposed accounting policies for key accounting and financial reporting personnel of SOEs. Priority SOEs to be supported have been selected. These are Tajik Air Navigation and Tajik Insurance.

The mission observed that technical assistance toward SOE monitoring capacity and adoption of international accounting standards was in progress. Consultants were on board providing:

- Advisory services and training to support the Department of SOE Supervision in development of typical accounting policies, model chart of accounts, accounting manuals for SOEs and revision of reporting templates and analysis of the software requirements for processing and analysis of SOE financial statements by the Ministry of Finance.
- Assistance on translation and adoption of IFAC/IAASB ISA's into Tajik legislation, followed by respective training by the Ministry of Finance Training Center and external providers such as the Public Institute of Professional Accountants and Auditors of the Republic of Tajikistan is under contract. The activity is expected to complete next financial year.

Component 2. Improving e-Procurement System and Infrastructure

2.1. Legislative and Regulatory Framework.

The new Public Procurement Law (PPL) continues to be under internal government review. The mission expressed concerns with the delayed review process and agreed with the State Agency for Public Procurement that upon completion of internal review by the ministries, the draft PPL will be submitted to the Bank for review by June 1, 2018.

Although the new PPL is in draft form, the work on review and development of a comprehensive package of by-laws and regulations ongoing. The international legal consultant is supporting the SAPP in preparation of secondary legislation and regulations, development of manuals for procurement procedures and contract management, and update/preparation of Standard Bidding Documents for different procurement categories. Draft documents are expected to be ready by June 15, 2018.

2.2. Capacity Building for the State Agency for Public Procurement.

Discussion of activities aimed at capacity building of the SAPP revealed the necessity to focus, in the first turn, on the e-procurement training program for the key procuring entities and development of e-learning platform with e-procurement user's certification. The pilot ten-day face-to-face training for 40 procurement entities was conducted on April 23, 2018.

2.3. Development of E-Procurement System.

The mission conducted extensive technical discussions with the SAPP on design of the sub-component. The main agreements reached during the discussions were to revisit the design in order to get the best benefit from the project and ensure comprehensiveness of the e-procurement system.

- *Development of e-procurement business model.* To operate the e-procurement system there is a need for the SAPP to develop a business model. An international consultant to support development of the procurement strategy, identification of needs in resources, workforce, support, reporting, operational maintenance, training plan and roll out and communications is being hired and expected to be on board by June 1, 2018.
- *Establishing Help Desk/Contact Center.* The mission urged SAPP to promptly complete hiring of local consultants and acquisition of equipment and furniture to make the Center functional.
- *Enhancements to e-procurement system.* An international e-procurement consultant shall be hired to help the SAPP to create the TOR (functional and technical specifications) for the enhancement of the e-procurement system, including: e-reverse auction, framework agreements, catalogues, online complaints handling, contract management, procurement cycle with integration with Treasury systems, creation of performance management framework for the public procurement system which includes the review of current e-procurement indicators and World Bank public procurement performance indicators and development of estimated costs for the enhancements. Draft TOR for the consultant has been prepared and submitted to the Bank for review.
- *E-Learning Platform.* To sustain capacity building program in the country a full-fledged e-learning platform in local language with e-procurement user's certification module should be developed. The platform shall be based on the existing e-procurement system and current PPL. It shall be updated with adoption of a new PPL and launch of the enhanced e-procurement system. The SAPP was recommended to prepare an e-procurement system rollout plan to reach more than 7,000 existing procuring entities.
- *Procurement Indicators.* Development of a performance management framework for the public procurement system provides for building a set of e-procurement adoption indicators and e-procurement public performance indicators. The mission was informed that the existing e-Procurement system generates data on various performance dimensions of the public procurement system. The official list of e-procurement indicators needs to be reviewed and agreed with the Bank. Additionally, this activity will be included in the TOR for the international e-procurement consultant, which will help to harmonize the enhancements with the public procurement indicators.



Component 3. Strengthening External Audit

The mission was pleased to observe commendable progress achieved with an international consultant, UK-based Chartered Institute of Public Finance and Accountancy (CIPFA) contracted in January 2018. They presented a draft inception report in April 2018 to which the CoA and the Bank responded by providing review comments. Matters raised had been addressed and a revised report submitted for final review and endorsement by the CoA. Issued together with the report were technical papers covering: (a) a report on review of legislation establishing the CoA; and (b) a report on review of the CoA's organizational structure. The report on legislation included recommendations for revisions considered necessary to better align with INTOSAI standards and practices, envisaging gradual adoption as the CoA capacity developed over time. The report on organizational structure identified activities considered to be peripheral to the CoA's core mandate, including recommendation for their reassignment to other Government entities.

The consultants drew attention to the need to harmonize the Bank's support to CoA capacity building with a new operation - funded by DfID - supporting capacity building of the Parliamentary oversight function. Their inception report highlighted apparent and extensive duplication in the terms of reference for an international consultant contracted under a new DfID-funded "Project on Support to Parliamentary Oversight and Budget Transparency in Tajikistan (SPOBT)". DfID clarified, in their meeting with the mission, that their support was primarily targeted at Parliamentary Committees.

Component 4. Managing Public Administration

4.1. Strengthening Strategic Planning Function.

The Department of Strategic Planning of the Executive Office of President of the Republic of Tajikistan Basic is working with a regional company (based in Georgia) that is developing proposals for legal framework, a process and methodology, a template of a sector strategy, and training for officials. Another input is to support the capacity development of the Department of Strategic planning, involving the organizational internal regulations, description of positions to support policy coordination on behalf of the Government. Special attention is paid to the aligning the strategic planning and budget process to enhance the realism of the strategies, as well as to define a monitoring function that will help keep ministers accountable for achieving policy results. This activity is expected to contribute to better outcome of strengthening policy-based fiscal strategy and budgeting (as measured by PEFA).

4.2. Development and Implementation of E-Government Roadmap.

Officials from the E-Government Center of the EOP have visited three countries – South Korea, Austria and Russia to learn about approaches to e-Governance. The Austrian examples of shared IT infrastructure services within the Federal Government appeared a good option for Tajikistan to consider. A Roadmap for e-government was prepared by the consultancy. This includes a broad, high-level view of the development of e-document management system for the Government (G2G), implementation of other e-services (at least five), of which PFM services delivered by TMIS is one example (G2G). The Roadmap will be approved by the Government and will be further detailed in the plan of action. Basic IT infrastructure is ready to house the e-services. The procurement packages (RFP for two lots) for implementation of the separate modules comprising the initial e-Government platform have been prepared and the tender in progress.

4.3. Development of Human Resource Management System.

This activity, which is linked to Component 1, consists of two tasks: the upgrading of the secondary legislation; development of a TRMIS payroll module.

The Civil Service Agency (CSA) is working on developing legal amendments for competitive selection, performance appraisal and rotation within the civil service. First draft of a new regulation on performance appraisal of civil servants is being internally reviewed by the CSA. The other two drafts related to the procedure of rotation of the civil servants and competitive selection are expected to be finalized by the end of May 2018.

Strengthening transparency of civil service recruitment and payroll is pursued through the development of an ICT module for the payroll of the government employees, to be linked with the civil service register and the budget execution system TFMIS. In the reporting period, the MOF has developed and announced the selection of a company for development of the IT solution for the payroll. Procurement review suggested that the bidding document should be developed as SIIS (Supply and Installation of Information System) instead of the previously developed consultancy-type procurement document - RFP (Request for Proposal). The MOF plans to announce the tender for Payroll module in June 2018. This procurement change has caused some implementation delay, but hopefully, this measure will increase Government odds of receiving and implementing an adequate solution.

Populating the personnel data in the Civil Service Register is an important milestone and prerequisite for operation of the future payroll module. As of today, approximately 50 percent of the personnel data of 19,252 civil servants, excluding teachers, medical and social workers, has been entered. The remaining half of civil servants can be entered with external support, addressing IT skills transfer, assuring the access to the register for the Project Coordinator. The Head of the CSA agreed to hire additionally four local consultants to support the data entry and training at subnational level until the end of 2018.

[1] The nine templates will be developed based on the budget functional classification.

[2] Currently, the TC is subordinate of Financial and Economic Institute.



Risks

Systematic Operations Risk-rating Tool

Risk Category	Rating at Approval	Previous Rating	Current Rating
Political and Governance	● Moderate	● Moderate	● Moderate
Macroeconomic	● High	● High	● High
Sector Strategies and Policies	● Moderate	● Moderate	● Moderate
Technical Design of Project or Program	● Moderate	● Moderate	● Moderate
Institutional Capacity for Implementation and Sustainability	● Moderate	● Moderate	● Moderate
Fiduciary	● Substantial	● Substantial	● Substantial
Environment and Social	● Low	● Low	● Low
Stakeholders	● High	● High	● High
Other	--	● Moderate	● Moderate
Overall	● Substantial	● Substantial	● Substantial

Results

Project Development Objective Indicators

► Improved effectiveness of public expenditure measured by the increased alignment of expenditure with policy priorities (Percentage, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	16.00	16.00	75.00
Date	01-Jan-2013	06-Nov-2017	12-Jun-2018	30-Jun-2021

► Improved control of public expenditure measured by the stock of expenditure payment arrears (in percent of total expenditure by period) (Percentage, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	11.00	11.00	2.00
Date	01-Jan-2013	06-Nov-2017	12-Jun-2018	30-Jun-2021



► Improved accountability of public expenditure measured by the quality of annual financial reports (Percentage, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	8.00	8.00	8.00	12.00
Date	01-Jan-2013	06-Nov-2017	12-Jun-2018	30-Jun-2021

► Improved accountability of public expenditures measured by the quality of financial audit (PI-26i) (Percentage, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	50.00	50.00	50.00	75.00
Date	01-Jan-2013	06-Nov-2017	12-Jun-2018	30-Jun-2021

Overall Comments

Intermediate Results Indicators

► Beneficiaries satisfied with systems and procedures implemented by the project, as measured by user satisfaction surveys (percent of users surveyed) (Percentage, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	0.00	0.00	60.00
Date	01-Sep-2015	06-Nov-2017	12-Jun-2018	30-Jun-2021



▶ Percent of women beneficiaries satisfied with systems and procedures implemented by the project, as measured by user satisfaction surveys (Percentage, Custom Breakdown)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	0.00	0.00	30.00
Date	01-Sep-2015	06-Nov-2017	12-Jun-2018	30-Jun-2021

▶ Additional functionalities (modules) of TFMS (commitment control, cash management, payment order processing, assets management and payroll management) installed and operational (Number, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	2.00	2.00	5.00
Date	01-Jan-2015	06-Nov-2017	12-Jun-2018	30-Jun-2021

▶ Timeliness of annual financial reports (PI-25ii) (Months, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	9.00	9.00	9.00	6.00
Date	01-Jan-2015	06-Nov-2017	12-Jun-2018	30-Jun-2021

▶ Key procurement information is made available to the public in a timely manner through appropriate means (PI-19iii) (Percentage, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	10.00	22.00	22.00	100.00
Date	01-Jan-2015	06-Nov-2017	12-Jun-2018	30-Jun-2021



► Total value of contracts that were awarded through an open and competitive process (Percentage, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	25.00	98.00	98.00	100.00
Date	01-Jan-2015	06-Nov-2017	12-Jun-2018	30-Jun-2021

► Evidence of follow up on audit recommendations (in percent of audit recommendations) (PI-26iii) (Percentage, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	25.00	25.00	25.00	80.00
Date	01-Jul-2015	06-Nov-2017	12-Jun-2018	30-Jun-2021

► Coverage of external audit (in percent of total expenditure) (PI-26i) (Percentage, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	50.00	50.00	50.00	75.00
Date	01-Jan-2015	06-Nov-2017	12-Jun-2018	30-Jun-2021

► Timeliness of changes to personnel records and the payroll (months) (PI-18ii) (Months, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	4.00	4.00	4.00	0.00
Date	01-Jan-2013	06-Nov-2017	12-Jun-2018	30-Jun-2021



► The number of services available through e-Governance system (Number, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	0.00	0.00	5.00
Date	01-Jan-2015	06-Nov-2017	12-Jun-2018	30-Jun-2021

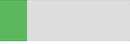
► Project supported NGO publishing reports on feedback received and how this feedback has been used. (Yes/No, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	N	N	N	Y
Date	01-Sep-2015	11-May-2017	12-Jun-2018	30-Jun-2021

Overall Comments

Data on Financial Performance

Disbursements (by loan)

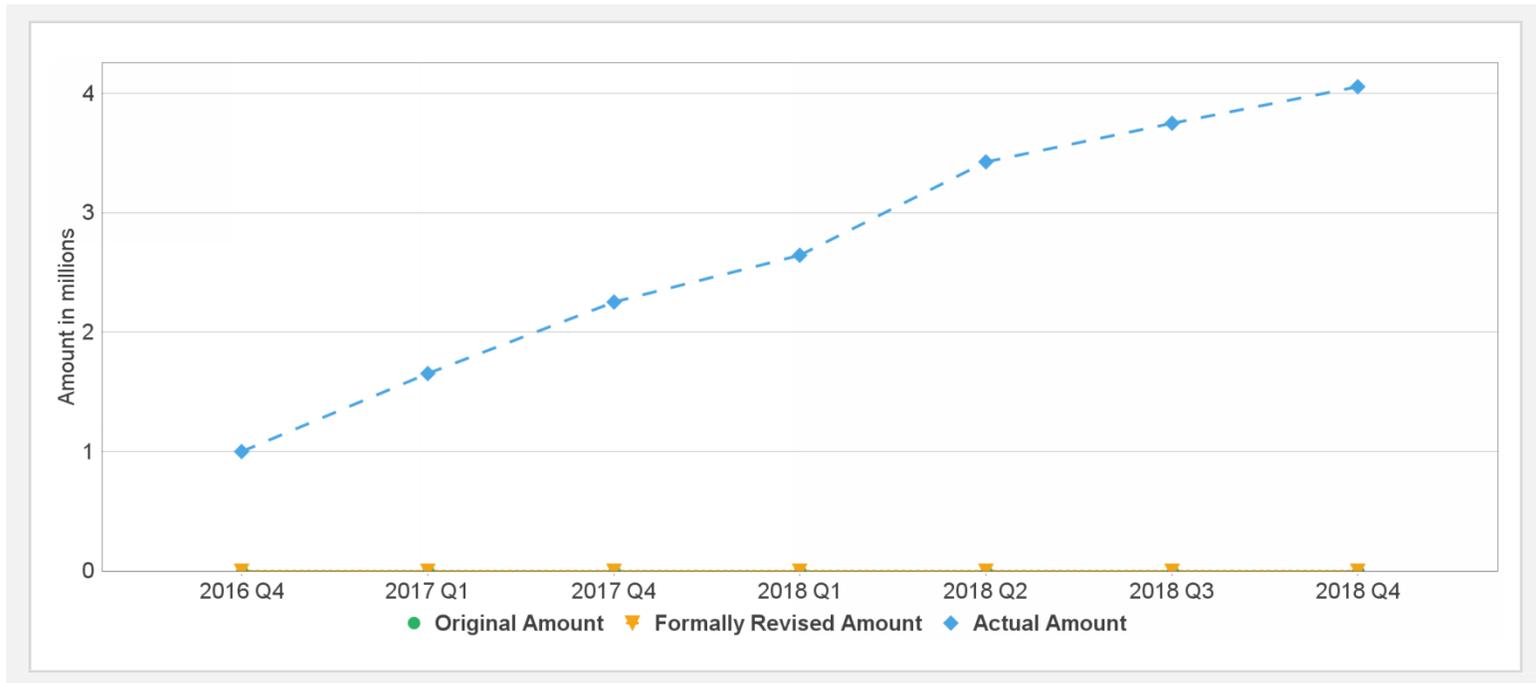
Project	Loan/Credit/TF	Status	Currency	Original	Revised	Cancelled	Disbursed	Undisbursed	Disbursed
P150381	IDA-56310	Effective	USD	5.50	5.50	0.00	0.00	5.84	0%
P150381	IDA-D0550	Effective	USD	4.50	4.50	0.00	1.86	2.65	 41%
P150381	TF-A1735	Effective	USD	9.77	9.77	0.00	2.19	7.58	 22%

Key Dates (by loan)

Project	Loan/Credit/TF	Status	Approval Date	Signing Date	Effectiveness Date	Orig. Closing Date	Rev. Closing Date
P150381	IDA-56310	Effective	01-Jun-2015	17-Feb-2016	10-May-2016	30-Jun-2021	30-Jun-2021
P150381	IDA-D0550	Effective	01-Jun-2015	17-Feb-2016	10-May-2016	30-Jun-2021	30-Jun-2021
P150381	TF-A1735	Effective	17-Feb-2016	17-Feb-2016	10-May-2016	30-Jun-2021	30-Jun-2021



Cumulative Disbursements



Restructuring History

There has been no restructuring to date.

Related Project(s)

There are no related projects.