



412 5631-TJ
D055

Supplemental Letter No. 2

REPUBLIC OF TAJIKISTAN

February 17, 2016

International Development Association
1818 H Street, N.W.
Washington, D.C. 20433
United States of America

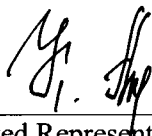
Re: Credit No. 5631-TJ
Grant No. D055-TJ
(Public Finance Management Modernization Project II)
Performance Monitoring Indicators

This refers to Section II.A.1 of Schedule 2 to the Financing Agreements (Credit/Grant) of this date between Republic of Tajikistan (the Recipient) and the International Development Association (the Association) for the above-captioned Project.

The Recipient hereby confirms to the Association that the indicators set forth in the attachment to this letter shall serve as a basis for the Recipient to monitor and evaluate the progress of the Project and the achievement of the objective thereof.

Very truly yours,

REPUBLIC OF TAJIKISTAN

By 

Authorized Representative

Attachment

Republic of Tajikistan – Public Finance Management Modernization Project II

PERFORMANCE MONITORING INDICATORS

Project Development Objectives (PDO)								
PDO Statement: The development objective of the project is to improve effectiveness, control and accountability of public expenditure.								
These results are at	Project Level							
Project Development Objective Indicators								
Indicator Name	Baseline	Cumulative Target Values						End Target
		YR1	YR2	YR3	YR4	YR5	YR6	
Improved effectiveness of public expenditure measured by the increased alignment of expenditure with policy priorities	PEFA score D	Sector strategies have been prepared for some sectors	Sector strategies may have been prepared for some sectors	Statements of sector strategies exist for several major sectors	Statements of sector strategies exist for several major sectors	Statements of sector strategies exist for several major sectors	Statements of sector strategies exist	PEFA score B
Improved control of public expenditure measured by the stock of expenditure payment arrears (in percent of total expenditure by period)	PEFA score D+	Data on stock of arrears is published	Data on stock of arrears is published	Data on stock of arrears is published	Data on stock of arrears is published and it does not exceed 2% of total expenditure			PEFA score A
Improved accountability of public expenditures measured by the quality of annual financial reports	PEFA score C+			A consolidated government statement is prepared with some omissions Statements are presented in	A consolidated government statement is prepared with some omissions Statements are presented in	A consolidated government statement is prepared annually and includes full information on revenue,		PEFA score B+

				consistent format over time with some disclosure of accounting standards	consistent format over time with some disclosure of accounting standards	expenditure and financial assets/liabilities TPSAS national standards are applied		
Improved accountability of public expenditures measured by the quality of annual financial audit	PEFA score D		Audits cover central government entities representing less than 50% of total expenditures	Audits cover central government entities representing at least 50% of total expenditures	Audits cover central government entities representing at least 50% of total expenditures	Audits cover central government entities representing at least 60% of total expenditures	Audits cover central government entities representing at least 75% of total expenditures	PEFA score B

Intermediate Results Indicators								
Indicator Name	Baseline	Cumulative Target Values						
		YR1	YR2	YR3	YR4	YR5	YR6	End Target
Beneficiaries satisfied with systems and procedures implemented by the project, as measured by user satisfaction surveys (Percent of users surveyed)	Zero	Zero	Zero	20%	30%	40%	50%	60%
Additional functionalities (modules) of TFMIS (commitment control, cash management, payment order processing, assets management, and payroll management) installed and operational (Number)	Functionalities do not exist	Agreed plan for upgrading MoF budget execution information system	New modules pilot-tested at selected sites	Training for staff on new modules delivered	New modules piloted in selected sites	5 new budget execution modules operational		MoF budget execution system has all key functionalities

Timeliness of annual financial reports (PI-25ii) (Months)	PEFA score B		The statement is submitted for external audit within 9 months of the end of the fiscal year	The statement is submitted for external audit within 8 months of the end of the fiscal year	The statement is submitted for external audit within 6 months of the end of the fiscal year			PEFA score A
Key procurement information is made available to the public in a timely manner through appropriate means (PI-19iii) (Percentage)	PEFA score B		10% of the accredited procuring entities covered by the annual procurement report	30% of the accredited procuring entities covered by the annual procurement report	60% of the accredited procuring entities covered by the annual procurement report	90% of the accredited procuring entities covered by the annual procurement report	100% of the accredited procuring entities covered by the annual procurement report	PEFA score A
Total value of contracts that were awarded through an open and competitive process (Percentage)	PEFA score C		25% of contracts that exceed the nationally established monetary threshold for small purchases awarded in open and competitive process	40% of contracts that exceed the nationally established monetary threshold for small purchases awarded in open and competitive process	60% of contracts that exceed the nationally established monetary threshold for small purchases awarded in open and competitive process	90% of contracts that exceed the nationally established monetary threshold for small purchases awarded in open and competitive process	100% of contracts that exceed the nationally established monetary threshold for small purchases awarded in open and competitive process	PEFA score B
Evidence of follow up on audit recommendations (in percent of audit recommendations) (PI-26iii) (Percentage)	PEFA score D		25% percent of audit recommendations are responded in time	40% percent of audit recommendations are responded in time	60% percent of audit recommendations are responded in time	70% percent of audit recommendations are responded in time	80% percent of audit recommendations are responded in time	PEFA score B
Coverage of external audit (in percent of total expenditure) (PI-26i) (Percentage)	PEFA score D		Audits cover central government entities representing less than 50% of total expenditures	Central government entities, representing 50% of total expenditures are audited annually	Central government entities representing 55% of total expenditures are audited annually	Central government entities representing 60% of total expenditures are audited annually	Central government entities representing 75% of total expenditures are audited annually	PEFA score B

Timeliness of changes to personnel records and the payroll (months) (PI-18ii) (Months)	PEFA score B	4 months for reconciliation of personnel and payroll data	3 months for reconciliation of personnel and payroll data	2 months for reconciliation of personnel and payroll data	1 months for reconciliation of personnel and payroll data	Personnel database and payroll are directly linked and ensure data consistency and monthly reconciliation		PEFA score A
e-Government services available (Number)	No services available through e-Government system	Implementation Strategy and roll-out approved	At least 1 service available through e-Government system	At least 2 services available through e-Government system	At least 3 services available through e-Government system	At least 4 services available through e-Government system	At least 5 services available through e-Government system	At least 5 services available through e-Government system

Indicator Description

Project Development Objective Indicators				
Indicator Name	Description (indicator definition etc.)	Frequency	Data Source / Methodology	Responsibility for Data Collection
Improved effectiveness of public expenditure	Measured by the increased alignment of expenditure with policy priorities	Annually	Budget execution reports	MoF
Improved control of public expenditure	Measured by the degree of integration and reconciliation between personnel and payroll data (PI-18i); Measured by the stock of expenditure payment arrears (in percent of total expenditure) (PI-4)	Annually	Project reports and surveys	MoF
Improved accountability of public expenditures	Measured by the quality of annual financial reports (extent of coverage and completeness/consistency with generally accepted accounting principles) (PI-25i and iii); Measured by the quality of accounting standards used.	Annually	Project reports	MoF
Improved accountability of public audit	Measured by the quality of annual financial audit	Annually	Project reports	SAI

Intermediate Results Indicators				
Indicator Name	Description (indicator definition etc.)	Frequency	Data Source / Methodology	Responsibility for Data Collection
Beneficiaries satisfied with systems and procedures implemented by the project, as measured by user satisfaction surveys (Percent of users surveyed)	This is a core citizen engagement indicator. The term 'satisfied' means the percent of survey respondents reporting they are either 'very satisfied' or 'satisfied' with systems and procedures implemented by the project, on a six-point scale (very satisfied, satisfied, neither satisfied nor dissatisfied, dissatisfied, very dissatisfied, do not know/have no information). Responses will be disaggregated by system, category of user and gender. The systems include the Tajikistan Financial Management Information System, e-Procurement and e-Government Services developed by the project. Users will be categorized as civil servants, contractors and the public.	Every year, beginning from year 3.	User satisfaction surveys	MoF

Additional functionalities (modules) of TFMIS (commitment control, cash management, payment order processing, assets management , and payroll management) installed and operational	Measured by the number of new modules implemented	Annually	Project reports	MoF
Timeliness of annual financial reports (PI-25ii)	Measured by the time between the end of fiscal year and date when financial statement was submitted for external audit	Annually	Project reports	MoF, SAI
Key procurement information is made available to the public in a timely manner through appropriate means (PI-19iii)	Measured by coverage of procurement information and regularity of its publication	Annually	SAPP web portal	SAPP
Total value of contracts that were awarded through an open and competitive process by the accredited procuring entities (PI-19ii)	Measured by percentage of value of contracts awarded in open and competitive process by the accredited procuring entities	Annually	SAPP portal and project reports	SAPP
Evidence of follow up on audit recommendations (in percent of audit recommendations) (PI-26iii)	Measured by percent of audit recommendations that were responded in time	Annually	Project reports	SAI
Coverage of external audit (in percent of total expenditure) (PI-26i)	Measured by percent of total expenditure of central government bodies audited annually	Annually	Project reports	SAI
Timeliness of changes to personnel records and the payroll (months) (PI-18ii)	Measured by the time required for updating changes in personnel records and payroll	Annually	Project reports	MoF, CSA
The number of services available through e-Government system	Measured by number of e-services available	Annually	Project reports	EoP