TAJIKISTAN

Capacity Building of the Ministry of Finance of the Republic of Tajikistan on Sovereign-Guaranteed Debt Management

Assessment of Implementation of Sovereign-Guaranteed Debt Management Function and Monitoring and Recommendations on Improvement

Terms of Reference

1. Background

The Ministry of Finance of the Republic of Tajikistan (the “MoF” or the Ministry) is seeking assistance of a consultant (the “Consultant”) to strengthen the capacity of the MoF and the respective stakeholders to improve the monitoring of sovereign-guaranteed debt management. The Consultant will review current sovereign-guaranteed debt monitoring practices and will produce recommendations to enhance the capacity of the MoF.

The MoF has a dedicated department that monitors sovereign-guaranteed debt management and has certain tools in place. These tools and relevant software, which was installed in 2005, need qualified staff and continuous update in order for the authorized body to be able to monitor the sovereign and sovereign-guaranteed debt in line with international practice.

The MoF is looking for the Consultant with an experience in the sovereign-guaranteed debt management who will support the Ministry with monitoring of conducting on site assessment and provide recommendations on next steps to ensure that the tools and management of sovereign-guaranteed debt are consistent with international practice. Such support shall include: (i) review of current sovereign-guaranteed debt management and monitoring, including tools and processes in use by the MoF and other stakeholders, vis-à-vis best international practices; (ii) recommendations on further steps needed for the effective implementation of the sovereign-guaranteed debt management including monitoring and execution of sovereign-guaranteed loan agreements; (iii) implementation support for enhanced practices and enhanced understanding of the nature of sovereign-guaranteed debt and possible implications of non-payment issues; and (iv) assistance with establishing a supervisory working group comprised of staff from the Prime Minister’s Office, the MoF and the European Bank for Reconstruction and Development (the “Bank” or “EBRD”) (the “Assignment”).

Relying on EBRD’s experience and excellent cooperation with the authorities of Tajikistan, the MoF is requesting EBRD’s assistance with providing the above support.

2. Objectives

The objective of the Assignment is to: (i) review the status of sovereign-guaranteed debt management/monitoring, including practices, processes and tools that are currently being used by MoF and other stakeholders, vis-à-vis best international practices; (ii) provide recommendations on further steps needed for the effective monitoring of the sovereign-guaranteed debt provided by the EBRD in Tajikistan; (iii) provide implementation support for enhanced practices and enhanced understanding of the nature of sovereign-guaranteed debt and possible implications of non-payment issues; and (iv) assist with establishing a
supervisory working group comprised of staff from Prime Minister’s Office, the MoF and the Bank.

3. **Scope**

The Consultant shall provide the following services:


3.1.1. Review and assess vis-à-vis international best practices, through interaction with MoF team and related stakeholders, including Prime Minister’s Office: (i) current status, functions, plans and challenges in sovereign-guaranteed debt management, (ii) the status of specific practices and procedures for sovereign-guaranteed debt management, (iii) the status of development and utilization of sovereign-guaranteed debt management tools, including review of the already developed tools and tools under development, in particular methodologies, internal policies, data collection and consolidation procedures, organisational structure, draft regulations, software and roadmap(s) (collectively, the “Public Debt Management Tools”); and (iv) all other key stakeholders involved in the sovereign-guaranteed debt management processes in Tajikistan, MoF’s interactions with them and the sovereign-guaranteed debt management practices and tools employed by them. To carry out this assessment, the Consultant will take part in monitoring of sovereign-guaranteed debt with particular focus on projects financed by the EBRD.

3.1.2. Provide on-site advice to the MoF on:

a) the international best practices in sovereign-guaranteed debt management, in particular through participation in monitoring of sovereign-guaranteed debt. The consultations will include, if necessary, based on available online tools/software for sovereign-guaranteed debt management and their functionality, suitable for Tajikistan, with a particular focus on sovereign-guaranteed debt provided by the EBRD and to the extent possible, by other international financial institutions;

b) monitoring of sovereign-guaranteed Projects, with particular attention to sovereign-guaranteed debt provided by the EBRD and, to the extent possible, by other international financial institutions, considering the nature of sovereign guarantee, responsibility of the Guarantor under existing sovereign guarantees and possible consequences of non-payments.

c) development of a mechanism for the implementation of the obligations of the Guarantor under single standard in the framework of existing agreements and development of the action plan of the Guarantor in coordination with the Government of the Republic of Tajikistan.

3.2. **Advice on further steps for the effective implementation of the sovereign-guaranteed debt management function in public sector in Tajikistan – Action Plan**

3.2.1. Based on the activities undertaken under 3.1 above, provide recommendations and develop an action plan for the further steps needed for the effective implementation of sovereign-guaranteed debt management function (the “Action Plan”). The Action Plan shall include:
a) recommendations and measures needed to improve the sovereign-guaranteed debt management tools vis-à-vis best international practices, thus the sovereign debt management tools can determine:

   a. Set of performance indicators for monitoring the progress of implementation of sovereign-guaranteed debt management function;

   b. Practices, procedures and tools to monitor and service sovereign-guaranteed loans (i.e., those where the central or regional government or municipality is a guarantor/recipient of technical cooperation funds) (the “Sovereign-Guaranteed Projects”);

   c. Tools to measure outcomes, impact and effectiveness of Sovereign-Guaranteed Projects;

   d. Software support.

b) on-site support to the Department responsible for monitoring and managing sovereign-guaranteed debt, including through monitoring of sovereign-guaranteed projects, with particular attention to sovereign-guaranteed debt provided by the EBRD and, to the extent possible, other international financial institutions, in order to improve existing practices and daily activities with sovereign-guaranteed debt;

c) Responsible parties (identified in consultation with Prime Minister’s Office and the MoF) for undertaking each respective step;

d) as part of the recommendations developed within the framework of this Assignment, take part in the process and assist in the development of a strategy for the management of sovereign-guaranteed debt.

   3.2.2. Based on the activities undertaken under 3.2 above, if deemed necessary, present and support with establishing a supervisory working group comprised of staff from Prime Minister’s Office, the MoF and the Bank. The Action Plan can be developed and reviewed within the formed working group, at the Prime Minister’s Office and MoF’s choice, in the form of review and update of any current roadmap or design of a new roadmap for improving sovereign-guaranteed debt management function.

4. Assignment Implementation

The Consultant is expected to be on-site throughout the duration of the assignment.

The duration of the Assignment (from signing the consultancy contract) is expected to be up to 6 months with a possibility of a further extension.

The Assignment will be managed by the project team consisting of three people from the MoF and two from the EBRD. The MoF and the EBRD will each appoint its representatives for the project team.

Any travel and site visits will also need to follow EBRD Guidelines. The Consultant will comply with the EBRD’s guidance in place at the time of the travel, and any travel and/or site visits related to the scope of the contract will require previous approval from the EBRD.
5. **Deliverables / Reporting**

The Consultant shall prepare the following deliverables:

(a) Inception Report identifying the methodology for undertaking the Project, timeline and milestones – a week from signing the consultancy contract;

(b) Weekly Reports to the MoF and the EBRD summarising the status and key achievements;

(c) Draft Review Report presenting the results of activities under 3.1 – six weeks from assignment commencement;

(d) Final Review Report – two weeks after upon receiving the comments from Prime Minister’s Office, the MoF and the EBRD.

(e) Draft Action Plan - presenting the results of activities under 3.2 – twelve weeks from assignment commencement;

(f) Final Action Plan – two weeks after upon receiving the comments from Prime Minister’s Office, the MoF and the EBRD.

The Consultant will report to the EBRD. All deliverables will be submitted to the MoF and EBRD in English and Russian, in electronic format.