

CALLDOWN CONTRACT

Framework Agreement with: DAI Europe Limited

**Framework Agreement for: DFID Governance and Security Framework Agreement
Lot B – Public Financial Management**

Framework Agreement Purchase Order Number: PO 5672

**Call-down Contract For: DFID Central Asia: Support to Parliamentary oversight of Public Finance
Management and Budgetary Transparency in Tajikistan – Component 3**

Contract Purchase Order Number: PO 7209

I refer to the following:

1. The above mentioned Framework Agreement dated 1st May 2012;
2. Your proposal of 5th August 2015

and I confirm that DFID requires you to provide the Services (Annex A), under the Terms and Conditions of the Framework Agreement which shall apply to this Call-down Contract as if expressly incorporated herein.

1. Commencement and Duration of the Services

- 1.1 The Supplier shall start the Services no later than **11th January 2016** (“the Start Date”) and the Services shall be completed by **10th January 2020** (“the End Date”) unless the Call-down Contract is terminated earlier in accordance with the Terms and Conditions of the Framework Agreement.

2. Recipient

- 2.1 DFID requires the Supplier to provide the Services to the Economics and Budget Committee of the Lower Chamber of Parliament and Ministry of Finance of the Republic of Tajikistan, including other national and development partners (“the Recipient”).

3. Financial Limit

- 3.1 Payments under this Call-down Contract shall not, exceed **£1,999,900** (“the Financial Limit”) and is exclusive of any government tax, if applicable.

When Payments shall be made on a 'Milestone Payment Basis' the following Clause 28.1 shall be substituted for Clause 28.1 of the Framework Agreement.

28. Milestone Payment Basis

- 28.1 Where the applicable payment mechanism is "Milestone Payment", invoice(s) shall be submitted for the amount(s) indicated in Annex B and payments will be made on satisfactory performance of the services, at the payment points defined as per schedule of payments. At

each payment point set criteria will be defined as part of the payments. Payment will be made if the criteria are met to the satisfaction of DFID.

When the relevant milestone is achieved in its final form by the Supplier or following completion of the Services, as the case may be, indicating both the amount or amounts due at the time and cumulatively. Payments pursuant to clause 28.1 are subject to the satisfaction of the Project Officer in relation to the performance by the Supplier of its obligations under the Call-down Contract and to verification by the Project Officer that all prior payments made to the Supplier under this Call-down Contract were properly due.

4. DFID Officials

4.1 The Project Officer is:

4.2 The Contract Officer is:

5. Key Personnel

The following of the Supplier's Personnel cannot be substituted by the Supplier without DFID's prior written consent:

Role	Named Resource
Team Leader	
Coordinator & Consultant Analyst	
Consultant Analyst	
Analyst	
Communications Analyst	
Project Office Manager	
Project Finance Assistant	

6. Reports

6.1 The Supplier shall submit project reports in accordance with the Terms of Reference/Scope of Work at Annex A.

7. Duty of Care

All Supplier Personnel (as defined in Section 2 of the Agreement) engaged under this Call-down Contract will come under the duty of care of the Supplier:

- I. The Supplier will be responsible for all security arrangements and Her Majesty's Government accepts no responsibility for the health, safety and security of individuals or property whilst travelling.
- II. The Supplier will be responsible for taking out insurance in respect of death or personal injury, damage to or loss of property, and will indemnify and keep indemnified DFID in respect of:
 - II.1. Any loss, damage or claim, howsoever arising out of, or relating to negligence by the Supplier, the Supplier's Personnel, or by any person employed or otherwise engaged by the Supplier, in connection with the performance of the Call-down Contract;
 - II.2. Any claim, howsoever arising, by the Supplier's Personnel or any person employed or otherwise engaged by the Supplier, in connection with their performance under this Call-down Contract.
- III. The Supplier will ensure that such insurance arrangements as are made in respect of the Supplier's Personnel, or any person employed or otherwise engaged by the Supplier are reasonable and prudent in all circumstances, including in respect of death, injury or disablement, and emergency medical expenses.
- IV. The costs of any insurance specifically taken out by the Supplier to support the performance of this Call-down Contract in relation to Duty of Care may be included as part of the management costs of the project, and must be separately identified in all financial reporting relating to the project.
- V. Where DFID is providing any specific security arrangements for Suppliers in relation to the Call-down Contract, these will be detailed in the Terms of Reference.

8. Additional Documents to be included in this Contract

- 8.1 The following documents are included in and form part of the Contract in addition to Section 4 inclusive:
- The Technical and Commercial proposal from DAI dated July 2015
 - PTC Responses Included at Annex C

9. Breakpoints and Contract Management

- 9.1.1 The key review points for the contract are at the stages described in the Terms of Reference. DFID shall, as a condition of proceeding from one stage to the next, have the right to request changes to the Contract, including the Services, the Terms of Reference and the Contract Price to reflect lessons learned, or changes in circumstances, policies or objectives relating to or affecting the Programme.
- 9.1.2 There will be a break point in the contract after the Inception phase and at the Mid-Term Review. Prior to proceeding to the Implementation phase, all inception phase deliverables set out at Annex A, Section 7, including finalisation of an Implementation period payment milestones schedule must be completed to DFID's satisfaction.
- 9.1.3 There will also be annual reviews (ARs) on performance and deliverables against agreed milestones and results with future targets and milestones being agreed and re-defined as part of this review activity. Logframe amendments will be jointly agreed as part of ARs.

10. Call-down Contract Signature

- 10.1 If the original Form of Call-down Contract is not returned to the Contract Officer (as identified at clause 4 above) duly completed, signed and dated on behalf of the Supplier within 15 working days of the date of signature on behalf of DFID, DFID will be entitled, at its sole discretion, to declare this Call-down Contract void.

For and on behalf of
The Secretary of State for
International Development

Name:

Position:

Signature:

Date: 23 December 2015

For and on behalf of
DAI Europe Ltd

Name:

Position:

Signature:

Date:

Call-down Contract

Terms of Reference

DFID Central Asia

**Support to Parliamentary oversight of Public Finance Management and Budgetary Transparency
in Tajikistan – Component 3**

Contents

1. Introduction	7
2. Objectives	7
3. Recipient	8
4. Duration and Budget	8
5. Scope of Work	9
6. Outputs	9
7. Inception Phase and Work Planning	10
8. Payment and Contract Management	11
9. Monitoring and Reporting	12
10. Duty of Care	12
11. Background	14

1. Introduction

- 1.1 The UK government's goal in Central Asia is to strengthen stability and reduce fragility. Within this strategy DFID focuses on reducing poverty by promoting sustainable economic growth and better governance in Tajikistan and Kyrgyzstan. DFID CA work is focused around three pillars:
- Private sector and economic growth
 - Promoting democracy and governance
 - Regional trade and cooperation
- 1.2 These pillars directly address critical constraints to the development of Tajikistan and Kyrgyzstan, particularly economic growth, and respond to the priorities in both countries' National Development Strategies. DFIDCA's bilateral programme is currently £16m annually across two countries. The bilateral programme is augmented by regional investments in energy and connectivity through DFID's Asia Regional Programme. The new UK cross-government Conflict, Stability and Security Fund will provide further complementary programming.
- 1.3 On 6 March 2015, DFID Minister of State approved the Business Case to Support Public Finance Management Reform in Tajikistan with a total budget of up to £11.8m over 4 years through technical assistance and related support to strengthen the effectiveness, transparency and accountability of public finances in Tajikistan.
- 1.4 The required outputs to be delivered under this contract are designed to enable DFIDCA to strengthen parliamentary oversight of PFM reforms critical to the successful delivery of DFIDCA's Operational Plan objectives. In parallel, it will ensure that UK funding is more efficiently and effectively protected from fraud and corruption through enhanced implementation of basic fiduciary risk procedures.

2. Objectives

- 2.1 This project is part of DFID Central Asia's wider Public Finance Management Reform in Tajikistan programme. The programme will improve Tajikistan's public financial management (PFM) systems, support public sector reforms associated with improvements to PFM, and encourage greater parliamentary oversight of, and citizen engagement with, the budget process to help strengthen government accountability. The programme is split into four components:
- Improved performance of core PFM process
 - Strengthened public sector performance
 - Strengthened parliamentary oversight of PFM process

- Increased public demand for budgetary accountability and better services
- 2.2 These Terms of Reference invites interested suppliers to provide proposals for the implementation of;

Component 3 – Strengthened Parliamentary Oversight of PFM Reforms.

The main objective of this component is to strengthen Parliament's ability to fulfil its oversight responsibilities with regard to the budgetary cycle and wider public financial management issues. A key part of this will be strengthening the capacity of the Parliament's Economics and Finance Committee, including improvement of analysis of the budgetary information, advising on effective budgetary hearings, and increasing efficiency of public expenditure, as well as increasing engagement between Parliamentarians and their constituents.

3. Recipient

- 3.1 The recipient of the PMF services is the Economics and Budget Committee of the Lower Chamber of Parliament and Ministry of Finance of the Republic of Tajikistan, including other national and development partners.

4. Duration and Budget

- 4.1 DFID is seeking to appoint a single provider to deliver the services outlined in this document. The contract is scheduled to commence at the beginning of January 2016.

The up to 48 month contract period is made up of two key phases;

- i) A 3 month Inception phase; and
 - ii) A 45 month Implementation phase
- 4.2 The anticipated contract value for the full 48 month period is £2 million. DFID is the lead donor and will hold the contract with the service provider (SP) however; during the life of the programme additional donors may join and financially contribute to the PFM programme. Whilst as yet unconfirmed, this could lead to an increase in the overall value of this contract.
- 4.3 Please note, if agreed by both parties this programme may be extended beyond the originally envisaged contract duration. Any extension period is subject to DFID approval and additional funds being released over and above the current programme budget.

5. Scope of Work

- 5.1 The appointed supplier will provide technical leadership for the implementation of the programme activities. Suggested activities could include, but are not limited to;
- I. Provision of technical and advisory support to key Parliamentary Committees to support oversight functions and generate legislative branch momentum for the implementation of the PFM reforms.
 - II. Support the Budget Committee (particularly through support to the Committee's Secretariat) and other relevant bodies within Parliament to produce high-quality and useful analysis of budgetary and fiscal issues.
 - III. Training and capacity building for MPs on budgetary and fiscal policy issues, including clarification and exploration of their oversight functions.
 - IV. Assistance in increasing budget transparency and Parliament's oversight role through and collaboration with journalists and the wider media, for example through training for journalists on Parliamentary reporting and/or the establishment of Parliamentary Public Information Office.
 - V. Encourage greater collaboration between relevant Parliamentary Committees and MPs and the Chamber of Accounts, Ministry of Finance, Tax Committee, NGOs and other bodies engaged with the budgetary process.
 - VI. Activities to significantly increase public outreach and constituency engagement for MPs, including budget hearings and field hearing on fiscal and budget related policy issues in Parliament and at the local level.
 - VII. Links with activities falling under other Outputs as per approved Business Case - (to be implemented with the Open Society Institute Tajikistan and the World Bank) should also be explored. DFIDCA Governance Team (SRO and Programme Manager) will help facilitate this connection.

6. Outputs

- 6.1 **The component has one key outcome:** To Strengthen Parliamentary Oversight of PFM processes. This component will include the provision of advice and support to the Committee on Economy and Finance of the Lower Chamber of Parliament.
- 6.2 In order to achieve this outcome, the supplier will undertake a number of activities to work towards the delivery of this outcome. These activities may include but are not limited to the following; [recognising that the most suitable mechanisms will be developed during delivery];
- I. Ensure linkages and complementarities of activities under components 1, 2 and 4 of the PFM Tajikistan Programme both on demand and supply-side (see final PFM Tajikistan Business Case for more details).

- II. Facilitate on-going dialogue and coordination between Parliament, Chamber of Accounts, Ministry of Finance, Tax Committee and Civil Society Organisations with key actors in PFM sector and component leads (World Bank, OSI Tajikistan).
 - III. Provide oversight, day-to-day project management, and coordination of component's activities at the country level.
 - IV. Provide technical and advisory support to key Parliamentary Committees to support oversight functions and generate legislative branch momentum for the implementation of the PFM reforms through the existing Analytical Unit/Secretariat.
 - V. Quality assure Secretariat's' analytical support for the Budget Committee (particularly through support to the Committee's Secretariat) and other relevant bodies within Parliament to produce high-quality and useful analysis of budgetary and fiscal issues.
 - VI. Financial Management and contractual management of all activities listed under the "scope of work section" of these Terms of Reference;
 - VII. Produce quarterly implementation progress reports using the Template provided by DFID and submit quarterly financial reports.
 - VIII. Propose an adaptive approach to programme management that will enable the programme to respond to the changing context in order to capitalise on emerging opportunities and respond to threats.
- 6.2 The supplier will also work in close collaboration with other implementing agencies and DFIDCA team to develop a Logical Framework for this component with realistic and achievable outputs, indicators, annual milestones, theory of change, and risk matrix. These will be submitted for DFID's approval by the end of the inception phase.
- 6.3 Please note that the appointed team will not be co-located in the parliament (to which DFID will facilitate access) but will be required to establish a suitable working model to allow them to deliver the services.

7. Inception Phase and Work Planning

- 7.1 This programme is largely designed to have a catalysing effect on the Government of Tajikistan and will take place in coordination with other donors. Although it is based around the provision of a clear set of technical inputs and deliverables, flexibility will be needed in terms of timing and approach. This means that, in the absence of, for example, political will or in the face of wider institutional weaknesses, it may be better to drop certain activities and either look for alternatives or do nothing.
- 7.2 With this in mind, the potential implementing partner will be required to undertake a three-month inception phase and to submit updated work plans and budgets, on a quarterly basis. These will be agreed with the Programme's SRO and Programme Manager and signed off by the lead DFID Governance Advisor and Programme Manager for PFM. The implementing partner should also be prepared to be flexible enough to provide pressing support during the inception phase, including any requisite assessments of fiduciary or procurement risk or, following confirmation with DFID, urgent requests from the Government of Tajikistan.

- 7.3 Tangible deliverables will be required from the Inception Phase. These should include¹:
- An inception phase work plan (within 1 week);
 - Re-confirmation (and if necessary updating) of project Outputs with DFID (within 2 weeks);
 - A revised and updated logical framework (within 3 weeks);
 - Commissioning of any survey data that is required (within 2 weeks);
 - Detailed work plans (and activity logs), with corresponding budgets (within 3 weeks)
 - An interim programme Monitoring and Evaluation (M&E) system (within 3 weeks);
 - An Inception Phase Report to be submitted immediately on completion of the Inception Phase (within 1 week).
- 7.4 Progress to the Implementation Phase will be dependent on the satisfactory completion of the Inception Phase, including delivery of the tangible outputs and agreed forward planning for Implementation. An important output of the Inception Phase will be a clear Action Plan with Key Performance Indicators.
- 7.5 As an integrated approach to PFM reform across the variety of sectors in which DFID Tajikistan works, this programme is designed to achieve maximum synergies and value for money for the UK taxpayer. Unit costs are expected to reflect these savings.
- 7.6 The inception phase deliverables are described above. The inception phase should also finalise the payment milestones as proposed in the SP's tender submission.

8. Payment and Contract Management

- 8.1 It is expected that payments for all implementing costs and expenses for the inception phase will be on a milestone basis that will be defined by the supplier during their bid and thereafter jointly agreed with DFID.
- 8.2 Payments made during the Implementation Phase, will be based on a combination of outputs and milestones. The supplier will be expected to profile the percentage payment associated with the achievement of both contract outputs and milestones to support DFID's Payment by Results aspirations. The payment profile will be reviewed and agreed annually.
- 8.3 The awarded contract will have suitable provision for variation in order to successfully adapt to changes that occur during the life of the Programme including upscaling or downsizing. DFID shall, as a condition of proceeding from one phase to the next, have the right to request changes to the Contract, including the Services, the Terms of Reference and the Contract Price to reflect lessons learned, or changes in circumstances, policies or objectives relating to or affecting the Programme.
- 8.4 There will be a break point in the contract after the Inception phase and the Mid-Term Review. There will also be annual reviews (ARs) on performance and deliverables against agreed milestones and results with future targets and milestones being agreed

and re-defined as part of this review activity. Logframe amendments will be jointly agreed as part of ARs.

- 8.5 Please see the attached Commercial KPI and Supplier Performance Scorecard which will be tailored to, and utilised with the PFM programme to assist and support monitoring.

9. Monitoring and Reporting

- 9.1 The primary point of contact for this Component will be PFM Tajikistan Senior Responsible Owner (DFID Economic Adviser), with the additional support on programme and finance management of Governance Programme Manager. The programme manager (and SRO) will facilitate with other teams and will be responsible for managing, day to day, all inputs and coordinating and facilitating the work on behalf of DFID Central Asia. This includes ensuring that, prior to work starting, all activities are coordinated with government and donor partners.
- 9.2 The successful provider will provide DFID with quarterly Implementation Progress Reports on the execution of projects, programmes and activities that describe performance against indicators contained in the DFID logframe and the associated receipt and utilisation of the resources used to deliver these. DFID will commission an Annual Review every year and will score the progress made by the Supplier against the agreed Logical Framework and beneficiary feedback.
- 9.3 The overall programme, including this component will be managed by the Programme Manager, Governance (based in Dushanbe), with technical oversight from the DFID Central Asia Regional Economics Adviser (based in Dushanbe) and Regional Governance Adviser (based in Bishkek, Kyrgyzstan).

10. Duty of Care

- 10.1 The Supplier is responsible for the safety and well-being of their Personnel and Third Parties affected by their activities under this contract, including appropriate security arrangements. They will also be responsible for the provision of suitable security arrangements for their domestic and business property.
- 10.2 DFID will share available information with the Supplier on security status and developments in country where appropriate.
- 10.3 The Supplier is responsible for ensuring appropriate safety and security briefings for all of their Personnel working under this contract and ensuring that their Personnel register and receive briefing as outlined above. Travel advice is also available on the FCO website and the Supplier must ensure they (and their Personnel) are up to date with the latest position.

10.4 This Procurement will require the Supplier to operate in a seismically active zone and is considered at high risk of earthquakes. Minor tremors are not uncommon. Earthquakes are impossible to predict and can result in major devastation and loss of life. The Supplier should be comfortable working in such an environment and should be capable of deploying to any areas required within the region in order to deliver the Contract (subject to travel clearance being granted).

10.5 For the avoidance of doubt – the current Duty of Care Risk Assessment is below;

DFID Central Asia Supplier Duty of Care Risk Assessment

Theme	DFID risk score
FCO Travel Advice	3
Host nation travel advice	Not available
Transportation	4
Security	2
Civil unrest	2
Violence / crime	2
Espionage	5
Terrorism	3
War	2
Hurricane	1
Earthquake	5
Flood	1
Medical services	3
Nature of project / intervention	2
Overall rating using MODE function	2

Last updated: 9th June 2015

11. Background

- 11.1 Tajikistan is a highly centralised state. While it has the formal structure of a multi-tier democracy, power is concentrated in the hands of the President. The current Constitution, adopted in 1994 and significantly amended in 1999 and 2003, calls for an elected President and Parliament. Under the terms of the 2003 amendments, the president may be re-elected for two subsequent terms. The current president was re-elected in 2013, and will serve through 2020.
- 11.2 The Parliament consists of two houses. The lower house – the Majlisi Namoyandagon – consists of 63 members elected by popular vote for five-year terms. 22 members are elected through proportional representation (in which representatives are elected from party lists in proportion to the number of votes each party receives), and 41 are elected from single-member constituencies (geographical areas with one representative each). The upper house – the Majlisi Milli – was created after the civil conflict ended in 1997, with the aim of providing greater voice to regional political leaders. Three-quarters of the members of the Majlisi Milli are elected at a joint meeting of the deputies of sub-national units of administration (oblasts and rayons). One-quarter of the members of the Majlisi Milli are appointed by the President. Under the Constitution, the Parliament has the exclusive authority to enact legislation. A simple majority in the lower house is sufficient to approve legislation, unless otherwise specified by the Constitution.
- 11.3 Despite the nominal sharing of power between the President and the Parliament, power is concentrated in the hands of the former. As the chief executive, the President remains the main initiator of policies in Tajikistan, aided by a team of advisers that he has personally appointed. As the head of the majority political party, he has considerable influence over the lower house of Parliament. His influence over the upper house is assured, first, by his power to designate one-quarter of the members, and second, by his power to nominate the executives of subnational administrations who in turn comprise the majority of the Majlisi Milli's elected members.
- 11.4 Currently, the Parliament debates the budget proposal before approval. However, its examination is hampered by the quality of the budget documents. The role of Parliament in supplementary budgets is also limited as its approval is not required for amendments below 10% of the annual amounts. Parliament receives the Financial Statements in a timely manner. However, the statements are not accompanied with a full audit report providing assurance and identifying shortcomings. Links between MPs and their constituents are weak, with little public engagement solicited by MPs on budgetary priorities and the allocation of public resources.
- 11.5 The Committee on Economics and Finance (known in short-hand as the Parliamentary Budget Committee) consists of seven MPs. Every member of the committee is in charge of a portfolio of specific issues, including legislation or sectorally-relevant programming. Parliamentary approval is crucial for the budget proposal, in-year budget adjustments and the end of year Annual Report.

11.6 DFID Central Asia provided support to Parliamentary Budget Committee between 2011 and mid-2014 through the "Governance Partnership Facility" (GPF), a World Bank-managed Trust Fund. Between mid-2014 and May 2015, funding for the Secretariat was taken on by a Russian-funded World Bank trust fund. The team of local consultants funded by the DFID and Russian contributions supported the Budget Committee's analytical department (the so called 'Secretariat'). The following results have been achieved:

- Technical capacity of the members of the Parliament on budgetary issues improved and the level of the Parliament's oversight in the budget process increased.
- A data base on analytical and research documents was developed.
- Information exchange with the Ministry of Finance and other key ministries as well as budget monitoring were introduced on a quarterly basis.
- Analytical research was discussed at the Parliament's roundtables, seminars and study-tours, contributing to knowledge exchange.
- The Budget Process Manual for MPs and the Financial and Economy Glossary helped in capacity development.

11.7 In 2013, under the leadership of the Parliament's Economics and Finance Department, the Secretariat's analysts conducted "*A gap analysis of the potential opportunities and needs assessment of committees, commissions and support structures of the Parliament's Apparatus*". It identified a number of potential areas for increased attention:

- Strengthen support of the Secretariat of the Committee for Economics and Finance, to improve the efficiency of the enlarged Committee for Economy and Finance.
- Capacity building for the Parliament Committee on Economics and Finance and other concerned committees in public finance management.
- Increased effectiveness of parliamentary hearings through better preparation and analysis of background information, consultations and preparatory meetings prior to full Parliamentary hearings.
- Develop a clear mechanism of engagement with the Chamber of Accounts (Tajik supreme audit institute).
- Strengthen the control of public finances and the budget by Parliament through improved engagement with and the practice of making amendments to legislation.
- Conduct independent research and analysis in order to enable Parliament to make informed decisions on the budget based on evidence.
- Support Parliamentary external relations on the budget to increase the transparency of the budget process and improve public access to budget

information. This could include work with the media on the coverage of budgetary issues and legislative activity.

- Conduct training courses for the newly elected MPs and other interested stakeholders to facilitate systematic engagement of the Parliament and the public.

11.8 PFM is a priority for the GoT and is an integral part of Tajikistan's Poverty Reduction Strategies, including the Living Standards Improvement Strategy (LSIS) for 2013-2015; the Public Administration Reform Strategy (PARS) for 2005-2015); and the ten-year PFM Reform Strategy (PFMRS, 2009-2018). The ambitious PARS 2005-2015 outlines path for improving governance, public sector delivery, and government's responsiveness to

citizens' concerns and aspirations, including through the strengthening of the PFM and advancing the civil service and institutional reform in the public sector.

11.9 DFID was one of the early movers on PFM and is now the largest donor to the sector, because donor partners, notably Switzerland and the EU are focusing their support more narrowly and disengaging from the PFM sector. Together with the World Bank, DFID is now looked upon by the Government of Tajikistan to lead PFM and PSR initiatives.