

Republic of Tajikistan

PROGRAM-FOR-RESULTS

Tajikistan Tax Reform

(P171892)

**Draft Environmental and Social Systems Assessment
(ESSA)**

World Bank

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ACRONYMS AND ABBREVIATIONS

ADB	Asian Development Bank
BFRs	Brominated Flame Retardants
CEP	The Committee for Environmental Protection under the Government of the Republic of Tajikistan
CIT	Corporate income tax
DLI	Disbursement Linked Indicator
EBRD	European Bank for Reconstruction and Development
EIA	Environmental Impact Assessment
ESIA	Environmental and Social Impact Assessment
ESMP	Environmental and Social Management Plan
ESSA	Environmental and Social Systems Assessment
GBV	Gender-based violence
GDP	Gross Domestic Product
GoT	Government of the Republic of Tajikistan
HRMIS	Human Resources Management Information System
IFIs	International Financial Institutions
IPF	Investment Project Financing
IR	Intermediate Result
ITMIS	Integrated Tax Management Information System
M&E	Monitoring and Evaluation
MOF	Ministry of Finance
NGOs	Non-governmental organizations
OECD	Organization for Economic Co-operation and Development
PAP	Program Action Plan
PDO	Program Development Objective
PforR	Program for Results
PIT	Personal Income Tax
PIU	Project Implementation Unit
PVC	Polymerizing vinyl chloride
SEA	Sexual Exploitation and Abuse
SIGI	Social Institutions and Gender Index
SSHCSP	Service of state supervision of health care and social protection of the population
TARP	Tax Administration Reform Project
TC	Tax Committee
VAT	Value Added Tax
WB	World Bank

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EXECUTIVE SUMMARY

Introduction

1. Tajikistan's National Development Strategy (NDS) sets a target of increasing domestic incomes by up to 3.5 times and reducing poverty by half by 2030. Domestic revenue mobilization is one of the top policy priorities to facilitate the required fiscal consolidation in a context of an already high level of debt. The Government declared its intention to continue reforming its tax administration after the five-year Tax Administration Reform Project (TARP) with support of the World Bank was completed. Consequently it adopted a program "Tax Administration Development Program for Tajikistan 2020-2025" which will be supported by the World Bank.
2. **The Bank will support a hybrid program financed through a Result-Based Component (US\$37.50 million) and Investment Project Financing (IPF) component (US\$12.50 million).** The result-based financing component (Program for Results) will cover the Government Program Action Plan activities. Selected ICT expertise, hardware and software procurement, where Bank's advice in preparation of bidding documents and international bidding is critical, will be procured under the IPF component. The IPF component will also finance the Project Implementation Unit (PIU). This document covers the Program for Results.
3. Since the Tax Reform Program in Tajikistan PforR relies on the borrower's fiduciary, procurement, and environmental and social systems, World Bank teams carried out assessments of those systems and developed a program action plan (PAP). This plan will bring those systems into compliance with World Bank policies and performance standards, as well as with the **six core environmental and social principles** for environmental and social systems.
4. The current document presents **the Environmental and Social Systems Assessment (ESSA)** report that has been prepared by the World Bank for the proposed PforR – Tajikistan Tax Reform. The ESSA includes the following information: an introduction of the PforR; a summary of environmental and social risks and benefits associated with activities for achieving the Program Development Objective (PDO) and the Disbursement Linked Indicators (DLIs) for each Results Area of the PforR; an assessment of the borrower's environment and social management systems which apply to these activities; an evaluation of the borrower's performance and track record in implementing its environment and social management systems; an assessment of the extent to which the borrower's environment and social management systems are consistent with **the six core environment and social principles** of the World Bank Policy; and recommendations and actions the borrower has agreed to undertake to improve the implementation of applicable systems.

Program Description

5. **The Program Development Objective** is to simplify the tax system, enhance quality of taxpayer services, and improve voluntary compliance.
6. The selected activities of the Government program are supported by the PforR and organized under three Results Areas - **Results Area 1: Simplified Tax System; Results Area 2: Improved Quality of Taxpayer Services;** and **Results Area 3: Improved Voluntary Compliance.** There are six DLIs for the achievement of the PDO:
 - **DLI1 - Tax incentives eliminated.** The achievement of DLI 1 will require elimination of five preferential tax regimes, which comprise 33 tax concessions, by Parliamentary approval of amendments to the Tax Code.
 - **DLI2 - Regulatory foundations for improved tax system established.** A new Tax Code is expected to be developed, consulted and approved by the Parliament in spring 2021. The achievement of DLI2 will require development of critical secondary legislation to allow implementation of the new Tax Code.

- **DLI3 - Improved transparency of tax expenditure.** The achievement of DLI3 will require the submission and publication, with the annual draft national budget, of detailed information on tax expenditure with the estimate of the revenue foregone as a result of tax exemptions and concessions, disaggregated by tax instrument, and cost-benefit analysis of selected tax incentives.
- **DLI 4 - Reduced burden of tax audit.** The achievement of DLI4 will require that a Compliance Risk Management Unit be established and staffed; risk criteria and indicators for risk assessment and selection of cases for annual audit planning developed; and a risk management system that includes mass desk automated audits and a structured risk assessment process for comprehensive audits be established and be functioning. It will also require that the vast majority of tax auditors are trained in risk-based audit and by the end of the Project at least 90% of field large taxpayer audits in the last 12 months are conducted for cases selected by the risk-based selection tool and monitored by Compliance Risk Management Unit.
- **DLI 5 – Increased percent of VAT refunds that are processed using risk-based verification or fast track procedures.** The achievement of DLI5 will require the implementation of an automated system for VAT refund to diplomatic entities and international organizations by 2023; and the fully automated processing of VAT refunds for all relevant taxpayers as well as processing of 95% of VAT refunds using risk-based verification and fast track procedures by the end of the project.
- **DLI 6 - Taxpayer service standards are enhanced and based on taxpayer feedback.** The achievement of DLI6 will require that advisory services for taxpayers are available in the Taxpayer Contact Center, a taxpayer feedback mechanism is established and functional in the Taxpayer Contact Center and taxpayer Contact Center service standards are revised based on taxpayer feedback.

Environmental and Social Risks and Benefits of the Proposed Program

7. In preparing the ESSA the team identified that the environmental risks are low, and the social risks are moderate, which contribute to the overall Environmental and Social Risk being 'Moderate'. In summary, the potential risks associated with the Program can be mitigated through a series of measures that are included in the Program Action Plan (PAP).
8. The results of the environmental screening suggest that the majority of activities, which will be supported under the PforR, will have limited environmental impacts. Some minor works related to the upgrade of the information and communication technology (ICT) infrastructure of the tax offices (central, regional and local) to be supported under Result Area 2 could result in the generation of electronic waste. If this waste is not recycled and disposed of in an environmentally sound and safe manner, it may cause impacts on human health and the environment. These risks can be mitigated within the current system/procedures with the development and adoption of electronic waste management procedures. The environmental risks are rated 'Low'.
9. The assessment of potential social risks from the Results areas and DLIs identified under the program are expected to have positive effects in the tax policy analysis and tax administration systems. The PforR will contribute to improved transparency, accountability of the Tax Committee and fiscal discipline among a diverse range of taxpayers. Also, it should ease taxpayers' access to the improved quality of tax administration services due to renovated ICT infrastructure. It is particularly important during a crisis like the COVID-19 pandemic when in person contacts should be limited. However, some social gaps identified in the system relate to limited citizen engagement and poorly maintained two-way communications with taxpayers, as their opinions and perceptions have been surveyed, but rarely substantively considered by the policy- and decision-makers in the country. In this regard, the social risks may arise from broader public behavioral response to new tax procedures and Tax Code amendments being introduced and the potential resistance from the private sector to the fiscal discipline measures. These risks are to be mitigated by sizeable communications and taxpayer outreach and education activities, which are

described in the PAP and budgeted for in the program expenditure framework. The social risk of the PforR is rated 'Moderate'.

Assessment of Borrowers Systems

10. In preparing the ESSA, an assessment of the legal and regulatory framework, as well as the capacity of potential implementing and associated agencies to manage the potential environmental and social effects of the PforR was carried out. The assessment of the environmental and social management systems found that the existing legal and regulatory framework addresses the identified direct, indirect, induced, and cumulative social and environmental effects for the planned PforR; however, capacity for enforcing those regulations among respective agencies is mixed and will require strengthening as part of the PforR Action Plan. In addition to mitigating the risks identified, the Program Action Plan will address shortcomings by strengthening the capacity of the implementing agencies and their linkages with the regional and local branches. Hence, the Program Action Plan includes environmental and social management capacity strengthening of the relevant institutions. This includes not only technical knowledge but also environmental and social risk management, and financial capacity to operate the system as designed.

Adequacy of the Legislative Framework and Borrower's Capacity on Environmental and Social Aspects

11. **Adequacy of the Legislative Framework on Environmental Aspects.** The Government of the Republic of Tajikistan has enacted a range of laws, regulations, and procedures relevant to the management of environmental and social effects of the proposed PforR. The legal and regulatory framework is sufficient to guide the system and procedures for managing environmental risks that were identified during PforR preparation. The existing laws, regulations, norms, and procedures govern the procedure for environmental monitoring of activities, including electronic waste collection, reuse and recycling.

12. **Adequacy of the Legislative Framework on Social Aspects.** The legal and regulatory framework at the national and local levels provides an adequate and appropriate enabling framework for implementing the key activities to be supported under the Program. Responsiveness to taxpayer and complainants' inquiries/questions and public accountability are adequately covered by the legal framework at different levels. The legislation highlights the importance of the state's commitment to serving and ensuring citizen protection, in general, and to the taxpayers and people to be affected by the project in particular. The laws on personal data protection, consumer rights; grievance redress; and ethics codes in place stipulate rules governing fair taxpayer services; and the tax system reforms to be implemented during the program implementation conform to these laws and codes.

The PforR Environmental and Social Systems Analysis

13. The Program environmental systems analysis led to the following conclusions that the Borrower's system has the following Strengths: (1) adequate environmental legislation and regulations at the national level for conducting environmental impact assessments relevant to the PforR, (2) an adequate network for environmental protection offices at the district level; (3) a disposal procedure for the state owned equipment that contain precious metals, which is also adopted by Tax Committee (TC); (4) experience of the TC in implementation of a World Bank (WB) project. However, some gaps were identified as well: weak environmental management capacity at TC central, regional and local offices. There is neither policy/legal frameworks nor procedures/management system identified to deal with electronic wastes from an environmental safeguards point of view.

14. The Republic of Tajikistan has well defined legal and regulatory framework at the national and local levels that provides an adequate and appropriate enabling framework for implementing the key activities to be supported under the Program. Responsiveness to taxpayer and complainants' inquiries/questions, and public accountability are adequately covered by the legal framework at different levels. There is a commitment by the implementing agency (TC) to strengthen the existing GRM at all levels. The legislation

highlights the importance of the state’s commitment to serving and ensuring citizen protection, in general, and the taxpayers and people to be affected by the project in particular. A Targeted Social Assistance Program and Program of Social Benefits are implemented nation-wide. The laws on personal data protection, consumer rights, labor rights, grievance redress, and ethics codes in place stipulate rules governing fair taxpayer services, and will apply to the tax system reforms to be implemented during program implementation. Despite the existing system strengths on social aspects discussed above, some gaps were identified, and the gaps are mostly attributed to governance/institutional responsibilities, capacity and communication outreach issues.

15. The Table below summarizes the potential mitigation measures identified for environmental and social gaps and risks for the Program.

Results Areas	Environmental and Social Gaps and Risks	Potential Mitigation Measures
<p>Result Area 1: Simplified Tax System.</p>	<p>Gaps in unharmonized tax and financial accounting reporting systems that negatively affect the taxpayers; Gaps in governance, internal control and utilization of taxpayer data, ICT systems, and related databases Gap in the capacity to manage e-wastes; Gaps in the capacity building of ICT staff and ICT skills of tax administrators; Gap in the capacity to implement continuous training and improving employee knowledge; Gap in electronic data exchange and integration of information systems with all departments and government agencies; Gap in weak monitoring and evaluation system; Risk of negligible environmental impact due to improper management of e-wastes; Risk of non-compatible information systems with other government agencies, which increases the time and cost for tax compliance for taxpayers; Risk of resistance to ICT changes and reforms on behalf of tax administrators</p>	<p>Capacity building for taxpayers on the revised taxation requirements and reporting system changes is to be included in the Program; The new governance model/internal control system will be institutionalized at the TC; ESMP with e-waste management procedures will be developed and implemented; A comprehensive ICT capacity building action plan for tax staff will be developed and implemented; A system of continuous in-service training and on-job mentorship should be developed, annual staff training plans and on-job-training will be implemented to improve the qualifications of employees. Interagency information system compatibility assessment will be conducted to fill in the gaps to reduce time costs of taxpayers. A robust M&E system is designed, introduced and implemented at the TC</p>

Results Areas	Environmental and Social Gaps and Risks	Potential Mitigation Measures
Area 2: Improved quality of taxpayer services	<p>Gaps in public outreach and securing public access to tax expenditure plans as part of the draft annual republican budget disclosure;</p> <p>Gaps in taxpayer education and feedback mechanisms;</p> <p>Gap in interaction of taxpayers with tax authorities in electronic form;</p> <p>Gap in poor knowledge of taxpayer rights and obligations;</p> <p>Gap in taxpayer feedback mechanism given only one-way communication</p> <p>Risk of social tensions in response to non-participatory proceedings on enforcement of new tax regulations and lack of tax expenditure reporting;</p> <p>Risk that quality and accessibility of tax services in remote areas is not adequate;</p> <p>Risk of limited coverage of taxpayers by educational and outreach activities.</p>	<p>Taxpayer Communication Plan is developed, implemented and institutionalized;</p> <p>Taxpayer feedback mechanism is institutionalized at the Call Center and its staff capacity is built;</p> <p>Tax service centers will be established in nearly all local tax authorities, especially in rural areas where taxpayers have no access to internet;</p> <p>Annual taxpayer education and communication plans are developed and implemented in all tax authorities;</p> <p>Effective grievance redress mechanism is established and maintained in tax offices of different levels;</p> <p>Effective methods for taxpayer education and awareness are developed and applied.</p>
Area 3: Improved Voluntary Compliance	<p>Gaps in capacity to conduct a consolidated, systematic and focused analysis of compliance risks and to systematically analyze trends and performance indicators for different taxpayer segments, industries and tax obligations.</p> <p>Risk of frequent time- and resource-intensive tax inspections of taxpayers to be continued.</p>	<p>Capacity building activities for professional staff in compliance risk management and tax audit functions in risk management, risk-based audit and trend analysis will be implemented;</p> <p>Tax audit schedule and compliance requirements will be publicized.</p>

16. The Stakeholder Engagement Plan (SEP) will be prepared by the TC, which covers the whole program to make it inclusive. It details the stakeholders relevant for both the Program and IPF Component and the project’s arrangements to be engaged with them during preparation as well as during implementation. The institutional capacity of the Implementing Agency to interact with stakeholders can be further strengthened to effectively manage social effects in accordance with the Core Principles.

Stakeholder Consultation

17. Stakeholder consultations were an integral part of the ESSA process and were carried out in line with principles and objectives of similar Bank operations. The consultations with key implementing agencies were completed during the period between September and November 2020. The consultations with agencies responsible for implementing DLIs, more specifically the staff who are responsible for administering the program and managing social and environmental regulations, grievance management systems and field staff implementing the laws and regulation were presented at the discussions. Due to the outbreak of COVID-19, most consultations were carried out virtually.

18. The Bank team during its virtual missions made a presentation on the content of the PforR and provided opportunity for environmental and social specialists to describe ESSA requirements and process, including World Bank Core Principles. The participants of the consultation noted that the PforR aims to achieve a set of results – DLIs on tax services - with improved environmental and social aspects.

Recommendations and Proposed Actions

19. The specific actions with the timeline and responsible agency are recommended by the ESSA Action Plan. It proposes six mitigation actions across three main areas: governance; training & capacity building; and communications, outreach & feedback mechanisms. Those actions are as follows:

- Governance:
 - A1. Hire an E&S Specialist responsible for (1) communication and outreach, (2) outreach to taxpayers to ensure compliance, and (3) environmental and social risks mitigation, monitoring, and reporting by the PIU.¹
 - A2. Develop and implement the ESMP with e-waste management procedures;
 - A3. Establish tax service centers in nearly all local tax offices, especially in rural areas where taxpayers have no access to the internet; and
 - A4. Design, introduce and implement a robust M&E system at the TC.
- Training and Capacity Building:
 - A5. Modernize, strengthen and implement the system of continuous in-service training and on-job mentorship to improve the qualifications of employees, including development and implementation of an action plan for tax staff ICT capacity building;
- Communications, Outreach and Feedback Mechanisms:
 - A6. Prepare and implement Taxpayer Communication Plan with strengthened taxpayer feedback and grievance redress mechanisms (GRM) at the Call Center and local tax offices.

20. The following actions are particularly important and included in the Program Action Plan:

- Appointment of environmental and social specialist in PIU to ensure fulfillment of the environmental and social risk management responsibilities relevant to the DLIs;
- Preparation and implementation of Environmental and Social Management Plan with e-waste management requirements;
- Signing an agreement with the existing e-waste licensed collection facility in Tajikistan, where e-waste is sorted and compacted before selling to recycling/processing facilities abroad;
- Preparation and implementation of Taxpayer Communication Plan with strengthened the taxpayer feedback mechanism and grievance redress mechanisms (GRM) at the Call Center and local tax offices.

¹ PIU should be staffed with adequate professional, fiduciary, environmental and social risk management, administrative and technical personnel, with qualifications, experience and terms of employment acceptable to the Bank, as described in the Program Operations Manual.

SECTION I - INTRODUCTION

Country and Sector Context

1. Tajikistan is a land-locked, mountainous country in the heart of Central Asia, bordering Kyrgyz Republic and Uzbekistan to the north and west, China to the east, and Afghanistan to the south. Only seven percent of the country's total land area is arable. The high mountain ranges make communication between different parts of the country difficult, especially in winter. Adding to these geo-economic weaknesses, Tajikistan is one of the most vulnerable countries in the region to the impact of climate change and natural disasters.
2. Nevertheless, between 2000 and 2019, the poverty rate fell from 83 to 26.3 percent of the population, while the economy grew at an average rate of seven percent per year. Vast inflows of remittances sent by its large and increasing number of migrants, worth between a half and a third of GDP during 2015-19, have helped to reduce poverty. Strong GDP growth, supported by high public expenditures and remittances, continued in 2019, remaining robust at 7.2 percent year-on-year in the first three quarters of 2019. This has fueled domestic consumption and public investment.
3. Since Tajikistan is located in a region with a long history of disrupted trade flows, its economy is exposed to the prolonged inward orientation and centralized management. This has resulted in a large, state-operated sector and underdeveloped markets with low rates of private investment and exports, thus limiting sustainable GDP growth and a faster rate of poverty reduction.
4. The private sector in Tajikistan contributes to only 15 percent of total investment, produces about 30 percent of industrial output, and accounts for just 13 percent of formal employment. While the government has made notable progress in improving its business climate according to Tajikistan's Doing Business 2020 report, Tajikistan continues to underperform in several important areas, including "Getting Electricity", "Resolving Insolvency", "Dealing with Construction Permits", and "Paying Taxes".
5. Taxation issues are the most challenging for the private sector in Tajikistan. Due to weak tax administration, the burden of taxation rests disproportionately on a small number of formal firms, while also creating disincentives for small firms and producers to formalize their businesses and constraining their growth potential.
6. The COVID-19 pandemic crisis and its associated economic slowdown are expected to lower government revenues relative to GDP, especially because: (i) tax bases tend to decline faster than GDP in the face of an economic downturn (profits, capital gains, excises, and imports tend to decline faster than GDP during a recession); (ii) the Tajik authorities approved crisis response measures in June 2020 which included tax deferral with exit clauses; (iii) revenue performance may have been harmed by the increased rate of non-performing loans (NPLs), by worsened taxpayer compliance and the inability of tax administrations to maintain business as usual. These potential fiscal impacts will place increased emphasis on the country's efforts to enhance the robustness of its tax system.
7. The country's macro-fiscal context suggests that domestic revenue mobilization remains a top policy priority to facilitate the required fiscal consolidation in a context of an already high level of debt. Tajikistan's total tax effort was still close to the average for lower-middle-income countries. There was a notable increase in the number of active taxpayers between 2012 and 2019: the total number of active taxpayers increased by 88.5% and corporate income tax (CIT) taxpayers increased by 114%. The largest share of tax revenue comes from value added tax (VAT) on imports, followed by VAT on domestic transactions, followed by personal income tax (PIT) and corporate income tax. Despite the positive developments, more revenues from low-distortion taxes are needed to support Tajikistan's robust development agenda of poverty reduction, social service delivery, and infrastructure upgrade and expansion.

8. Over the past five years with support of the World Bank Tax Administration Reform Project (TARP), the GoT has undertaken several activities to improve tax administration, including implementation of a comprehensive Integrated Tax Management Information System (ITMIS) and Human Resources Management Information System (HRMIS) and related hardware components; introduction of mechanisms and methodologies to fight tax evasion as well as increase Tax Committee (TC)'s staff professionalism and work ethics, expected to reduce avenues for corruption; introduction of 40 electronic taxpayer services; and establishment of a communication center. In general, these achievements helped to attain a recent boost in revenue collection.
9. The government is committed to implementing further reforms to improve Tajikistan's business environment. Despite efforts in the right direction, however, past reforms have yet to create the desired effect of notable growth in small and medium enterprises. The government recently adopted the "Tax Administration Development Program for Tajikistan 2020-2025" and new amendments to the Tax Code are expected to be approved by the beginning of 2021, but the TC and MoF will need support to implement the program and the new tax policy.

Program for Results Description and Boundary Setting

10. The Government Program "Tax Administration Development Program for Tajikistan 2020-2025" (the Program)² has been developed to address priorities of the National Development Strategy of the Republic of Tajikistan for the period up to 2030 and to modernize tax administration based on the lessons from international practice. The Program acknowledges development of tax administration as an essential element of economic reforms in the Republic of Tajikistan, pursuing improvements in the business environment and investment climate, enhancing competitiveness of the national economy and building a digital economy. The ultimate objective of the Government Program is to address challenges of the shadow economy and constraints in revenue collection through *tax policy improvements, support to voluntary compliance and enhancing the quality of taxpayer services*. The activities under these areas of the original Government Program will contribute to the achievement of these three major development outcomes, where the critical results of the Program are planned.
11. The Bank and the GoT have agreed on the following PDO to measure the results of the Government Program under the World Bank financed operation: *Improved quality of the tax system, voluntary compliance and quality of taxpayer services*.
12. The PforR will support the Government's Program (2020-2025) implementation during 2021-2026 providing financing required to achieve results in three agreed Results Areas: 1) Simplified Tax System; 2) Improved Quality of Taxpayer Services; and 3) Improved Voluntary Compliance. The Government Program activities are defined under four thematic areas, but they are aligned with the three Result Areas under the World Bank financed operation.
13. **The Program will be a hybrid program financed through a result-based component (US\$37.50 million) and IPF component (US\$12.50 million).** The result-based financing component of the Program will cover the Government Program Action Plan activities. Selected ICT expertise, hardware and software procurement, where Bank's advice in preparation of bidding documents and international bidding is critical, will be procured under the Investment Project Financing (IPF) component. The IPF component will also finance the Project Implementation Unit (PIU).

Results Area 1: Simplified Tax System. The amendments to the Tax Code of the Republic of Tajikistan, introducing cost benefit analysis of tax incentives and improvement of tax incentives transparency, simplification of tax reporting requirements and harmonization of tax and financial accounting reporting

² Approved by the GoT Resolution No.643 on December 30, 2019.

for selected taxes under Area 1 of the Program are expected to result in improved quality of the tax system. This will be measured by revenue gain as a result of removing tax incentives, as reflected in PDO Indicator 1 and achievement of DLIs 1, 2 and 3. DLI 1 and 2 focus on implementation of the amendments to the Tax Code through development of secondary legislation and DLI 3 envisages implementation of a set of measures, aimed at improved transparency of tax expenditures.

- DLI 1 – ***Tax incentives eliminated.*** The achievement of the DLI will require elimination of five preferential tax regimes, which comprise 33 tax concessions, by Parliamentary approval of amendments to the Tax Code.
- DLI 2- ***Regulatory foundations for improved tax system established.*** A new Tax Code is expected to be developed, consulted and approved by the Parliament by spring 2021. The achievement of this DLI will require development of critical secondary legislation to allow implementation of the new Tax Code.
- DLI 3 – ***Improved transparency of tax expenditure.*** The achievement if the DLI will require that detailed information on tax expenditure with the estimate of the revenue foregone as a result of tax exemptions and concessions, disaggregated by tax instrument, and cost-benefit analysis of selected tax incentives is submitted and published with the draft annual national budget.

Results Area 2: Improved Quality of Taxpayer Services. Increasing the number of remote and emergency services to taxpayers through reengineering under Area 1 of the Program and automation of selected taxpayer services under Area 2, introduction of an e-line management system in Tax Offices and increasing the number of terminals in tax authorities for submission of electronic tax declarations under Area 1, upgraded ICT infrastructure under Area 2 of the Program, improved staff capacity and use of taxpayer feedback for monitoring of taxpayer services under Area 4 of the Program will together result in improved quality of taxpayer services, measured by improved taxpayer satisfaction with selected services (PDO Indicator 2) and achieved DLIs 5 and 6. DLI 5 captures introduction of an automated VAT refund system and accelerated procedures based on risk assessment of VAT refund verification. DLI 6 envisages implementing a new governance model for the TC ICT Department and upgraded ICT infrastructure, which will allow increasing the number of remote services for taxpayers, it also focuses on implementation of the system of continuous assessment and enhancement of the quality of taxpayer services.

- DLI 5 ***Increased Percent of VAT refunds that are processed using risk-based verification or fast track procedures.*** The DLI will require that by 2023 an automated system for VAT refund is implemented for VAT return to diplomatic entities and international organizations and by the end of the Project the VAT refund process is fully automated for all relevant taxpayers and 95% of VAT refunds are processed using risk-based verification and fast track procedures.
- DLI 6 ***Taxpayer Service Standards are Enhanced and Based on Taxpayer Feedback.*** The achievement of the DLI will require that advisory services for taxpayers are available in the Taxpayer Contact Center, a taxpayer feedback mechanism is established and functional in the Taxpayer Contact Center and taxpayer Contact Center service standards are revised based on taxpayer feedback.

Results Area 3: Improved Voluntary Compliance. Development and implementation of the risk management and audit module and introducing new methods of tax control (e.g. horizontal monitoring) under Area 1 of the Program, a set of activities on enhanced use of ICT in tax administration under Area 2 of the Program, activities on improving taxpayer outreach and education under Area 3 and enhancing electronic data exchange and integration of information systems with all departments and government agencies, development and implementation of automated systems for Big Data analysis and staff training under

Area 4 of the Program are expected to result in improved voluntary compliance, which will be measured by reduction in the VAT tax gap (PDO Indicator 3) and achieved DLI 4. DLI 4 captures implementation of effective risk-management system and risk-based audit and it covers introduction of an automated VAT refund system and accelerated procedures based on risk assessment of VAT refund verification.

- DLI 4 – **Reduced burden of tax audit.** The achievement of the DLI will require that a Compliance Risk Management Unit is established and staffed; risk criteria and indicators for risk assessment and selection of cases for annual audit planning are developed; a risk management system that includes mass desk automated audits and a structured risk assessment process for comprehensive audits is established and functional. It will also require that the vast majority of tax auditors are trained in risk-based audit and by the end of the Project at least 90% of field large taxpayer audits in the last 12 months are conducted for cases selected by the risk-based selection tool and monitored by the Compliance Risk Management Unit.

14. The Theory of Change below describes the relationship between the State program and PforR, and their activities, outputs and outcomes in more detail. Figure 1 describes the relationship between the two programs and their activities, outputs and outcomes in more detail and outlines the PforR boundaries.

Figure 1. World Bank Tajikistan Tax Reform Program – Theory of Change



SECTION II - ENVIRONMENTAL AND SOCIAL SYSTEMS ASSESSMENT – ESSA

15. The environmental and social review of the Program requires assessment of the existing legal framework and systems to manage potential environmental and social risks that can arise from the PforR implementation. The World Bank’s assessment team through a combination of reviews of existing program materials and available legal/regulatory documents, as well as interviews with government staff, non-governmental organizations and sector experts prepares the Environmental and Social System Assessment (ESSA). In this ESSA report the WB environmental and social assessment team presents the identified gaps and provides recommendations to fill in those gaps to ensure sustainable environmental and social benefits of the PforR on Tajikistan Tax Reform implementation.
16. The ESSA is an integral part of the PforR appraisal and implementation.

ESSA Objectives

17. The objective of ESSA is to ensure consistency with the core principles outlined in the World Bank’s Policy on Program-for-Results Financing (Nov. 10, 2017) in order to effectively manage program risks and promote sustainable development.³ These principles are:
 - **Core Principle #1: Environment and Social management systems** are designed to (a) promote environmental and social sustainability in the Program design; (b) avoid, minimize, or mitigate adverse impacts, and (c) promote informed decision-making relating to the Program’s environmental and social effects.
 - **Core Principle #2: Natural Habitats and Cultural Resources:** Avoid, minimize, or mitigate adverse impacts on natural habitats and physical cultural resources resulting from the Program.
 - **Core Principle #3: Public and Worker Safety:** Protect public and worker safety against the potential risks associated with: (i) construction and/or operations of facilities or other operational practices under the Program; (ii) exposure to toxic chemicals, hazardous wastes, and other dangerous materials under the Program; and (iii) reconstruction or rehabilitation of infrastructure located in areas prone to natural hazards.
 - **Core Principle #4: Land Acquisition:** Manage land acquisition and loss of access to natural resources in a way that avoids or minimizes displacement, and assist the affected people in improving, or at the minimum restoring, their livelihoods and living standards.
 - **Core Principle #5: Vulnerable Groups:** Give due consideration to the cultural appropriateness of, and equitable access to, Program benefits, giving special attention to the rights and interests of the Indigenous Peoples and to the needs or concerns of vulnerable groups.
 - **Core Principle #6: Social Conflict:** Avoid exacerbating social conflict, especially in fragile states, post-conflict areas, or areas subject to territorial disputes.
18. The specific objectives of the ESSA include:
 - Review of the baseline environmental and social information to understand the context under which the Program activities are undertaken.
 - Analysis of environmental and social benefits and risks of the Program activities.

³ World Bank’s Policy, Program-for-Results Financing, Nov. 10, 2017.

- Assessment of the borrower’s systems for environmental and social management for planning and implementing the Program activities for consistency with the applicable Core Principles.
- Identification of procedural and policy gaps with Bank Policy and Directive for Program-for-Results Financing as well as performance constraints in carrying out environmental and social management processes.
- Development of a set of viable actions to strengthen the systems and improve environmental and social performance outcomes of the Program.

ESSA Methodology

19. The ESSA was prepared by the World Bank’s assessment team through a combination of review of existing program materials, relevant legislation and available technical literature as well as interviews with government staff, non-governmental organizations (NGOs) and sector experts. As part of the PforR appraisal process, further consultations will be conducted with government and civil society stakeholders. The findings, conclusions and opinions expressed in the ESSA document are those of the World Bank.
20. The scope of the ESSA covers the activities and systems necessary to achieve the PDO, and the defined Results Area Framework of the Tax Program for Results as represented by the PforR’s DLIs. A scoping analysis of potential participating ministries and committees was completed to determine the applicability of each of six (6) PforR Environmental and Social Core Principles to six DLIs and Results Framework. Section VII – Comparative Analysis of Borrow System and Bank Core Principles details the results of the scoping analysis.
21. The PforR Financing instrument provides multifaceted support to implement policy, regulatory, governance and social accountability measures of the PforR. The ESSA analysis has been considered on two levels: (i) the system as written in laws, regulations, and procedures; and (ii) the capacity of Program institutions to effectively implement the system in practice.
22. The methodology included three distinct elements: (i) the first consisted of consultation/interview with concerned agencies to understand the contours and implementation processes of key interventions proposed, as well as to understand the motivation behind them; (ii) the second consisted of a review of documents, literature and data available at key government agencies on the regulatory frameworks related to environment and social risk management including grievance management systems; and (iii) the third consisted of virtual stakeholder consultations. The summary with the list of the consulted stakeholders provided in Annex 3. Also, Table 2 lists Program stakeholders.
23. This report has been prepared according to the requirements of the World Bank Policy and Directive for Program-for-Results Financing and to the Bank Guidance “Program-for-Results Financing Environmental and Social Systems Assessment” (effective since July 1, 2019). The ESSA aims at (i) identifying the key environmental and social risks (E&S), that may affect the achievement of the development outcomes, (ii) assessing the capacity of the Government’s existing environmental and social management systems that are the legal, regulatory, and institutional frameworks guiding the Program, and (iii) defining and recommending measures to strengthen the system, and integrates these measures into the overall Program to manage E&S risks. The ESSA is undertaken to ensure consistency with six core principles outlined in paragraph 8 of the World Bank Policy for Program-for-Results Financing to effectively manage Program risks and promote sustainable development.
24. The ESSA analyzes the system of environmental and social management that are relevant for the Program with regards to each of these principles. The gaps identified through the ESSA process and subsequent actions to fill those gaps directly contribute to the Program’s anticipated results to enhance institutional structures related to the Program activities. The ESSA analysis presents a detailed description of the Program activities and the baseline conditions for existing environmental and social management systems. The Report draws on baseline information and presents an analysis of the existing system with

regards to the core principles for environmental and social management in Bank Policy and Directive for Program-for-Results Financing and presents a Program Action Plan that will be incorporated into the overall Program loan documentation.

25. The World Bank conducted an Environmental and Social System Assessment (ESSA) of the existing country's environmental and social management systems. The findings, recommendations and action plan are covered in the following chapters.

Excluded Activities

26. The PforR financial instrument will not support activities within the Program that could cause significant harm to the environment of which would have significant adverse social effects. The PforR does not support any major physical investment-related activities (large civil works and activities requiring land acquisition and/or physical displacement). Rather it aims to improve the business environment and service delivery for taxpayers through the improvement of tax services.
27. The environmental and social initial screening done at the concept stage of the Environmental and Social Review Summary (ESRS) did not identify any potential high-risk activities.

Consultations and Disclosure of ESSA

28. Consultations were carried out with key stakeholders during September-November, 2020. Before the appraisal, the Bank team will disclose the draft ESSA through the Bank's portal, and at the Client's website or appropriate in-country locations such as a public information center.

SECTION III - LEGAL AND REGULATORY FRAMEWORK APPLICABLE TO ENVIRONMENTAL ASPECTS OF THE PROGRAM FOR RESULTS

29. Summary of the environmental policies, laws, regulations as well as guidelines that are relevant to the management of environmental impacts potentially resulting from the implementation of the activities proposed under the Program is enclosed in Annex 1.

Adequacy of the Legislative Framework on Environmental Aspects to manage potential environmental risks.

30. The current system of environmental legislation and regulations provides an adequate legal and regulatory framework for implementing the key activities planned under the PforR. The country has made progress in recent years, including an update of the Procedure for EIA and classification and ranking of potentially hazardous activities. The existing system governs the procedure for conducting EIAs of the PforR activities, if required, as well as monitoring of activities, including building renovation. The developed network of environmental monitoring by the Committee on Environmental Protection and municipalities based on existing environmental norms, technical guidelines and standards, with the right approach at the district and local level can successfully monitor environmental requirements during the management of electronic waste generated during the upgrading of ICT infrastructure of tax offices under the PforR.
31. While the environmental legal and regulatory framework of the Republic of Tajikistan is relatively well-developed, the enforcement and implementation of these regulations on the ground are doubtful.

SECTION IV – LEGAL AND REGULATORY FRAMEWORK APPLICABLE TO SOCIAL ASPECTS OF THE PROGRAM FOR RESULTS

32. The relevant chapter in Annex 1 provides details on the social policies, laws, regulations as well as guidelines that are relevant to the activities proposed under the Program. It also provides an assessment of the adequacy of the coverage on social aspects in the legislative and regulatory framework.

Adequacy of the Legislative Framework on Social Aspects

33. The legal and regulatory framework at the national and local levels provides an adequate and appropriate enabling framework for implementing the key activities to be supported under the Program. Responsiveness to taxpayer and complainants' inquiries/questions, and public accountability are adequately covered by the legal framework at different levels. The legislation highlights the importance of the state's commitment to serving and ensuring citizen protection, in general, and to the taxpayers and people to be affected by the project in particular. The laws on personal data protection, consumer rights; grievance redress; and ethics codes in place stipulate rules governing fair taxpayer services; and the tax system reforms to be implemented during the program implementation.

SECTION V – ENVIRONMENT MANAGEMENT SYSTEM

General Assessment of the PforR Environmental Benefits and Risks

34. The PforR is expected to have both potential environmental benefits and risks. Environmental impacts expected in the course of the PforR implementation are negligible because the physical activities will be limited to the upgrading of the information and communication technology (ICT) infrastructure, including improvement servers, networking equipment, installing cooling systems, fire suppression, supply courses, UPS, etc. and interconnection of 73 local tax offices under the DLI3. Nevertheless, if improperly managed, waste electrical and electronic equipment that will be generated as the result of the replacement of ICT equipment may pose significant human and environmental health risks due to the release of hazardous substances they may contain. Where obsolete equipment and materials cannot be reused, they should be recycled or disposed of by licensed contractors.
35. The potential environmental risks of the PforR are assessed to be low. Table 1, below, summarizes identified environmental risks associated with the PforR Results and DLIs.

Table 1: Environmental risks associated with PforR implementation.

Results Area/DLI	Environment Risks
<i>Results Area 1.</i>	
DLI1: Tax incentives eliminated	No risk
DLI2: Quality of tax system	No risk
DLI3: Transparency of tax expenditure	No risk
<i>Results Area 3.</i>	
DLI4: Reduced burden of tax audit	The risk is that there will be no system to manage and monitor the identified environmental and social risks (inappropriate electronic waste disposal, spreading airborne diseases) from providing in-person services to taxpayers.
<i>Results Area 2.</i>	
DLI5: Percent of VAT refunds that are processed using risk-based verification or fast track procedures	No risk
DLI6: Taxpayer Service Standards are Enhanced and Based on Taxpayer Feedback	Dismantled obsolete equipment and materials generated during the upgrading of ICT infrastructure at 78 local offices and the Tax Committee may cause risks to human health and the environment if not disposed in a safe manner. The provision of the advisory services for taxpayers in person presents the risk of spreading airborne disease like Covid-19, flu, measles, chickenpox and others. This risk should be addressed in line with WHO recommendations on application of PPEs and physical distancing during a pandemic situation.

36. The environmental **benefits** from the realization of the PforR will include, in particular:

- Adoption and implementation of electronic waste management procedures as part of the Environmental and Social Management Plan at the TC central, regional and local offices. The implementation of such procedures at the institutional/corporate level will have multiplying effect, since employees will be trained at each location to sort e-wastes, store them properly, procure licensed an e-waste recycling company, track electronic equipment from “cradle” to “grave”. Since the use of ICT is increasing in the country, and consequently, the amount of e-waste will grow significantly, the electronic waste management procedures could be adopted by other governmental and municipal institutions where TC regional and local offices are located.
- The Improved quality of the tax system and taxpayer services may improve voluntary compliance and collection of environmental taxes, such as taxes on use of natural resources, taxes on use of subsoil, royalties for use of water resources and others that are regulated by the Tax Code. The improved collection of environmental taxes may benefit the development of state environmental programs, e.g. the national program on e-waste management, incentives to promote renewable energy development, and financing of the implementation of existing national environmental programs.
- The improved tax system and taxpayer services may also stimulate the development of the necessary secondary legislation and inclusion of specific provisions in the Tax Code, required for the implementation of various laws on environmental protection and related areas containing provisions for tax preferences and other financial incentives designed to promote environmentally friendly behavior and rational use of national resources. This also includes incentives for the promotion of renewable energy, energy savings, and energy efficiency.

Environmental Management System in Program

37. The PforR Areas, Results and DLIs were assessed against the Core Principles discussed above. The assessment of the environmental management system was completed by looking at the system’s capacity to promote environmental sustainability and the ability to avoid, minimize, or mitigate adverse impacts identified as related to the Program implementation. The ESSA includes the following information:
- Current status and strength of the System to manage environmental risks;
 - Current institutional capacity and where the Program implementing institutions function effectively and in consistence with Bank Policy and Directive for Program financing;
 - Risks from the implementation of the proposed Program to the system; and
 - Opportunities/benefits to strengthen the existing system.
38. Based on the initial screening of national legislation and regulation, the environmental management system is well defined. The Environmental Impact assessment and permitting processes are covered in the Law on Environment Protection (2011) and Law on Environmental Expertise (2012).
39. The electronic waste licensed collection facility was identified in Isfara city in the north of Tajikistan. This facility sorts and compacts e-waste before selling it to recycling/processing facilities in China.
40. The Ministry of Finance will be the ministry with overall responsibility for the delivery of the PforR. The TC reform will be responsible for the implementation of the DLIs
41. The TC will carry out all functions related to the technical implementation of the DLIs, as well as Procurement, Financial Management, and any Environmental and Social Safeguards functions related to the implementation of the DLIs.
42. The Program will be monitored by the Coordinating Committee, headed by the Chairman of the Tax Committee of the Government of Tajikistan and includes Deputy Ministers of Finance, Economic Development and Trade and Chairman of the State Committee on Investment and Management of State Property, as well as the heads of two business associations (members of the Coordination Committee)

and the Secretary of the Coordinating Committee. The Coordinating Committee meets at least twice a year to review the implementation of the Program including the activities, financed by international financial organizations. The Chairman of the Coordinating Committee informs the Government of Tajikistan about the progress of this Program bi-annually.

43. **For the purposes of the World Bank funded operation, the TC under the Government of the Republic of Tajikistan will be the Program Implementing Unit.** The Deputy Chairman of TC will be the Program Director. The Program Director will serve as the contact point on project implementation for the Bank and other external partners and prepare regular progress reports. The Program Director will take operational decisions, exercise fiduciary responsibilities and ensure the Program implementation according to a Program Implementation Plan. S/he will also act as the Head of the Tax Reform Secretariat which will have regular meetings to discuss project implementation progress. Implementation of Tax Administration activities of the Program will be led by the Deputy Chairman of the Tax Committee and Tax Policy activities - by the Deputy Minister of Finance.
44. **At the implementation level, the Tax Reform Secretariat will coordinate reform implementation and work with thematic Working Groups and activity leaders to ensure timely implementation of the Program activities.** TC staff from the central office and regional offices will be involved in the Program implementation. Additional consultants and specialists will be engaged based on need. The activities, related to the development and implementation of the tax legislation and internal rules and procedures will be implemented by MoF and TC staff under the guidance of the Working Groups on Tax Policy, ICT development, Operational Development and Institutional Development. The Working Group on the Tax Code Development was established for the purposes of the Tax Code development on June 20, 2019 by the President's Decree №АП-1236 and it will continue operating under the Program for the development of the secondary legislation under the Tax Code. Other Working Groups will be established by the date of World Bank operation effectiveness.
45. **To support the Program Director in administrative and fiduciary functions, the Tax Committee will hire a team of local consultants to form a PIU,** which will ensure appropriate financial management, disbursement and adherence to the relevant procurement rules and the Bank's environmental and social standards as will be stipulated in the Grant Agreement and the POM. More details on the Program Implementation Arrangements are provided in Annex 3.
46. **The PIU, placed in the TC, will have the main responsibility for the monitoring of the implementation progress and results, defined in the Results Framework.** The PIU will be staffed by a M&E expert to support data collection from relevant MoF and TC departments and progress update on PDO, intermediary indicators and DLIs. The TC will also hire an audit firm to verify the achievement of the annual DLI targets based on administrative data reported by the TC. The monitoring system will maintain records on implementation and generate mid-year project progress reports and annual reports prepared within four months of the end of the financial year. Progress reports will be prepared by the PIU, approved by the TC Chairman, and forwarded to the World Bank before implementation support missions to guide the discussion of key issues affecting project implementation.

Institutional Capacities to Manage Environmental Aspects of the PforR

47. The institutional capacity of the TC was significantly strengthened under TARP in the past five years through enhancing its structure and functional responsibilities, implementation of ITMIS, the introduction of 40 electronic taxpayer services and establishment of a communication center.
48. However, staff capacity remains relatively weak in a number of critical areas. Specifically, TC, as the main PforR implementing agency, has limited in-house capacity for environmental due diligence and risk management, like e-waste. Also, the TC lacks experience with the World Bank PforR financing instrument.

49. To mitigate this risk and support the TC in the achievement of the results under PforR component, a PIU will be established under the IPF component and will support the Project implementation in fiduciary functions and monitoring and evaluation (M&E). In addition, selected activities, where it is critical to attracting high quality technical international expertise, will be implemented as a part of the IPF component under the World Bank procurement procedures. The PIU will hire a specialist in E&S management.
50. To ensure effective cooperation of different stakeholders under the Program implementation, a regulation, describing the Program implementation arrangements under the World Bank financed operation, stakeholders mandates and responsibilities and key responsible staff will be approved before the effectiveness of the World Bank-financed operation. The detailed implementation arrangements including M&E data collection and DLIs verification protocols, financial management, disbursement and adherence to the relevant procurement rules as will be stipulated in the electronic waste management procedures, to be developed before the effectiveness of the World Bank financed operation.

Gaps/Risks of Environmental Management Systems

51. The environmental management system analysis presented in the sections above suggests that the environmental management system for the proposed PforR activities has the following strength and gaps.

Strengths:

- Existence of the electronic waste licensed collection facility in the country.
- Adequate network for environmental protection offices at the district level. There is adequate interaction between CEP district representatives and municipalities, which can provide necessary environmental due diligence required for the Program.
- Procedures for disposal of the state-owned devices/equipment that contain precious metals.
- Experience of TC and its PIU from the implementation of the WB projects. This has contributed to the creation of some capacity for project-level management.

Gaps:

- Weak environmental management capacity at TC central, regional and local offices.
- There is neither policy/legal frameworks nor procedures/management system identified to deal with electronic wastes from an environmental safeguards point of view. Overall, the TC's capacity to manage environmental risks is weak.

SECTION VI – SOCIAL MANAGEMENT SYSTEMS

Overview of the Social Management System

52. The Program financing was assessed against the aforementioned Core Principles, which are spelled out as the evaluation criteria in the World Bank Policy “Program-for-Results Financing”. The assessment of social management system was completed by looking at the system’s capacity to promote social sustainability and ability to avoid, minimize, or mitigate adverse impacts identified as related to the Program implementation. The ESSA includes the following information:
- Current status and strength of the System to manage social risks;
 - Current institutional capacity and where the Program implementing institutions function effectively and in consistence with Bank Policy and Directive for Program financing;
 - Risks from the implementation of the proposed Program to the system;
 - Opportunities/benefits to strengthen the existing system; and
 - Key issues and gaps between the core principles and capacity constraints.
53. Based on the initial screening of the national legislation and regulatory framework, the social management system is well defined, covering all aspects related to sound prevention, mitigation and management of potential social impacts (e.g. targeted social assistance, social benefits program, tax exemptions for vulnerable groups and home-based small businesses, voluntary compliance for labor migrants, etc.) and institution/authority in charge.
54. The Republic of Tajikistan has a well defined legal and regulatory framework at the national and local levels which provides an adequate and appropriate enabling framework for implementing the key activities to be supported under the Program. Responsiveness to taxpayer and complainants’ inquiries/questions and public accountability are adequately covered by the legal framework at different levels. The legislation highlights the importance of the state’s commitment to serving and ensuring citizen protection, in general, and to the taxpayers and people to be affected by the project in particular. The laws on personal data protection, consumer rights, labor rights, grievance redress, and ethics codes in place stipulate rules governing fair taxpayer services, and the tax system reforms to be implemented during the program implementation. Social policies, laws and regulations applicable to the PforR are enclosed in Annex 1.

Overview of Social Risks and Benefits

55. The proposed program will support improvements in both tax policy and administration. The project will enhance institutional capacity and strengthen the integrity of staff working on tax policy (primarily of the MOF) and administration (TC); b) strengthen tax enforcement and compliance management functions; and c) improve taxpayer services and communication, and d) finance change management activities.
56. The Program will support the MOF to implement recently approved amendments to Tajikistan’s Tax Code, which will remove contradictions, unify taxes and simplify tax regimes where possible. Taxpayers will benefit from a relative reduction in time to pay taxes, and a decreased number of taxes.
57. PforR will build upon past reform efforts to modernize TC’s organizational structure by strengthening the technical and operational skills of TC’s human resources. It will develop and implement an internal capacity development and knowledge management program which will emphasize building the needed knowledge and skills to institutionalize use of modern technologies and techniques for tax administration and information processing. The program will also support efforts to prevent and eliminate corruption in tax administration by strengthening TC’s internal investigation unit and its internal audit functions. Staff integrity assurance mechanisms will be strengthened and aligned with international good practices and standards. Mechanisms for monitoring the public’s (including audited taxpayers’) confidence in the tax

administration and its perception of integrity will be improved by institutionalizing the routine carrying out of taxpayer perception surveys and by ensuring results are made public. The social benefits include introduced anticorruption mechanisms, improved public perception monitoring and increased public awareness on tax compliance.

58. The Program will support implementation of the Tax Code amendments and a set of measures aimed at improved transparency of tax expenditures, simplified tax reporting requirements and harmonized tax and financial accounting reporting for selected taxes. While the TC operational effectiveness will be enhanced to reduce the size of the shadow economy, it will enable the enforcement measures to improve taxpayers' discipline to voluntarily comply with the new tax requirements. The IPF component of the Program will also focus on the increased use of ICT technologies in tax administration and taxpayer interaction by reengineering ICT systems and automation of selected taxpayer services.

59. The **main social issues and risks associated with the Program** include:

- a) broader public behavioral response to new tax procedures and Tax Code amendments;
- b) likely resistance to changes, reforms, and ICT based applications from certain quarters of tax administrators in rural areas and other state service staff;
- c) resistance to the transition from informal to a formal business mode in order to, keep practicing tax evasion, as well as push back from specific stakeholder groups, such as grey or illegal importers;
- d) potential exclusion of taxpayers from vulnerable groups, especially those who lack ICT skills/experiences or technological resources, to access the project benefits/results/incentives; and
- e) the possibility that enhanced tax compliance will imply short-term income impacts that would disproportionately affect small and medium enterprises (SMEs) including poor and/or vulnerable taxpayers.

60. Since ICT equipment will be installed within the existing buildings only, no involuntary acquisition of lands is expected. Nor will there be any restrictions on land use and access. Other risks such as labor influx and forced/child labor are low. Overall, the social risk is rated Moderate.

Stakeholder Mapping

61. One of the key challenges will lie in mapping out comprehensively the stakeholder profile and the 'system' thereof. This would imply identifying various sub-groups of beneficiaries/actors/functionaries; soliciting their expectations (from the program) and ascertaining the issues and concerns thereof. Results emanating from these inquiries will have to be adjudicated against the existing 'system' – policies, programs, legislation, institutions and service deliveries. For the purpose of convenience, stakeholders hence have been classified into four groups, including enablers (government ministries which make policies and strategies); direct beneficiaries (TC and MoF relevant departments and taxpayers); indirect beneficiaries (other agencies connected to automated single interagency networking system, banks and audit companies); and other interested parties such as IFIs, CSOs, and media. Table 2 below describes the mapping of the Program stakeholders.

Table 2: Program Stakeholders

ENABLERS		
Ministry of Finance		
Central Apparatus		
Tax Committee		
Central Apparatus	Legal Department	International Relations Department
Ministry of Labor, Employment and Migration		
Labor Inspection		
Committee for Environmental Protection		
Committee on Environmental Regulation and Control	Department of Waste Management Control	Department of Environmental Monitoring and Information

Ministry of Economy and Trade Development			
Department of Investment Policy			
State Investments Committee and Immovable Property Management			
Department of State Property	Department of Private Sector Support	Department of Foreign Aid Coordination and Monitoring of Projects	
Committee on Women, and Family Affairs - implements gender policy			
Regional and Local Executive Bodies			
Provinces	Cities/ Districts	Self-governing bodies (jamoats)	Local Environmental Offices
DIRECT BENEFICIARIES			
Ministry of Finance			
Tax Policy and State Duties Department	Tax Reform Department	Monitoring of Tax and Non-tax revenues Sub-department	State Revenue Forecasting Sub-department
Tax Committee			
Department of Tax Legislation Improvement	Main Department on Revenue Accounting and Analysis	Main Department on Tax Control	Main Department on Tax Administration
Department of Internal Audit	Financial and Maintenance Department	ICT department	Human Resource Department
Taxpayer Registration Department	Taxpayer Service Department (including Call Center)	Tax Debt Management Department	Department on Mass Media Relations
In-service Training Center	SUE "Tax Administration Software Center – Andoz.tj"	Tax inspections at the province/district/city levels	33 Taxpayer Service Centers
Taxpayers			
Legal Entities/Corporates	Physical entities	Large taxpayers	Patent holders/Individual entrepreneurs
INDIRECT BENEFICIARIES			
Other State Agencies			
State Agency for Statistics	Customs Committee	Agency for Social Protection and Pensions	Agency for the Procurement of Goods, Works and Services;
State Committee for Land Management and Geodesy	The State Traffic Inspectorate under the Ministry of Internal Affairs	State and Non-state commercial Banks	Audit Companies
OTHER INTERESTED PARTIES			
International Financing Institutions and International NGOs			
IMF	IFC	ADB	Other IFIs and International Organizations/Consulting Firms
National NGOs			
Association of Small and Medium Businesses	Environmental NGOs	Association of Businesswomen	Other professional unions
Media			
Print and broadcast – newspapers, TV channels, radio programs	Electronic Media – web sites, news agencies		Social media – Facebook, Instagram etc.

62. Consultation meetings were held with different stakeholder groups. Program information was shared to evince their expectations and the issues/ concerns thereof. These consultations helped in understanding not only the current functioning of the system but also in ascertaining the social issues likely to be addressed by the program. The results so obtained were consolidated and the initial set of impacts likely to occur as a result of the program interventions tabulated. Consultations were held that covered a variety of stakeholders in order to identify gaps, risks, and potential actions.
63. The program beneficiaries and stakeholders' expectations related to the Program are summarized below. For more details please refer to Annex 4:

- Receive technical assistance and financial support for implementation of the Tax Administration Development Program for Tajikistan 2020-2025, with specific focus on improving tax collection, reducing the administrative burden of taxpayers, and increasing transparency of the tax system;
- Enhance the integrity and capacity of tax authorities through improved technological infrastructure, reengineering and automated taxpayer services;
- Improve mechanisms for the exchange of information between state bodies and organizations;
- Promote competitive business environment and reduce the shadow economy through improved quality of tax administration system;
- Reduce cost of paying taxes by improving the VAT refund process;
- Secure access to fast track taxpayer services, mobile applications and e-services;
- Access to tax educational tools and opportunities, efficient GRM and hotlines to voice concerns;
- Promote tax benefits for female headed physical and legal entities;
- Expand fast track transfers and e-banking services to secure tax payments; and
- Promote tax benefits by introducing tax support and feedback mechanisms to strengthen relationships with entrepreneurs and business owners, with special attention to the needs of women and the vulnerable.

64. Key concerns raised are related to insufficient governance, internal control and utilization of taxpayer data, information and communication technology (ICT) systems, and related incompatibility of interagency databases; low quality of taxpayer services, high demand for taxation consultations and education activities among taxpayers; limited capacity of tax offices to satisfy growing taxpayers’ demand for services; low penetration of technologies and lack of digitization in rural areas; low financial literacy among taxpayers; and poor awareness on tax system reforming among the public at large.

65. The Stakeholder Engagement Plan (SEP) has been prepared by the TC, which covers the whole program to make it inclusive. It details the stakeholders relevant for both the Program and IPF Component and the project’s arrangements to be engaged with them during the preparation as well as during implementation. The institutional capacity of the Implementing Agency to interact with stakeholders can be further strengthened to effectively manage social effects in accordance with the Core Principles.

Gender Aspects

66. Tajikistan ranked 123rd out of 149 countries in the World Economic Forum’s 2018 Global Gender Gap Index, with a score of 0.638, indicating worsened score by 0.02 points from its 2007 score of 0.658. While its scores for educational attainment and for health and survival are relatively high, the score for economic participation and opportunity (labor force participation, wage equality, and the numbers of senior, professional, and technical workers) is low, and offset the other positive indicators of equality. The country has maintained high inequality in political empowerment (women in parliament and ministerial positions).⁴ Tajikistan’s gender gap index is the lowest among participating Central Asian countries and even lower than the average score for low-income countries (see Table 3).

Table 3: Tajikistan’s Performance on the Global Gender Gap Index, 2018

2018 Score	Rank (of 149 countries)	Gender Gap Score	Economic Participation & Opportunity	Educational Attainment	Health & Survival	Political Empowerment
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⁴ World Economic Forum (2018)

Tajikistan	123	.638	.547	.940	.976	.088
<i>Tajikistan 2007</i>	<i>79 (of 128 countries)</i>	<i>0.6578</i>	<i>0.7103</i>	<i>0.8689</i>	<i>0.9785</i>	<i>0.0736</i>
Kazakhstan	60	.712	.741	1.000	.979	.130
Kyrgyz Republic	86	.691	.662	.991	.980	.130
Eastern Europe & Central Asia		.710				
Low-income countries		.660				

Data source: World Economic Forum (2018). A score of 1 means perfect equality. Zero is perfect inequality.

67. The Organization for Economic Co-operation and Development's (OECD) Social Institutions and Gender Index (SIGI) provides additional insight by measuring de jure and de facto discrimination against women in many facets of life to demonstrate the extent to which discriminatory social institutions impoverish and disempower women.
68. Tajikistan has a medium level of gender discrimination in its social institutions and performs worse than Kazakhstan and the Kyrgyz Republic by approximately 10 percentage points. According to SIGI, women in Tajikistan experience the greatest discrimination in the family followed by social institutions that provide access to productive and financial resources. The former is evidenced in the recognition of Shariat rules that allow men in registered religious and unregistered marriages to divorce their wives despite laws that criminalize it. The latter is evidenced in unequal access to employment opportunities. Eighty-five percent of managers are male, and women are prevented from working in certain occupations that are considered too dangerous or physically demanding. Women also face additional restrictions for working night shifts and overtime.⁵
69. Recent trends demonstrate that access to education is becoming more equal. Although Tajikistan has achieved gender parity in gross basic education enrollment, female enrollment in preschool, secondary school, and tertiary education continues to lag behind male enrollment.⁶ In the 2018/2019 academic year, less than 40 percent of students in higher professional and postgraduate education and approximately 20 percent of students in PhD programs were women. Since 2008, the gender enrollment gap in secondary and tertiary education has decreased by 8.5 percentage points⁷ and 6.3 percentage points⁸ respectively, while enrollment rates for both women and men have increased.
70. Trends also suggest overall rising educational levels in Tajikistan. Between 2012 and 2017, women's median number of years of schooling has risen from 8.6 to 8.9, while that of men rose from 9.3 to 9.5.⁹ Completion rates were similar for female and male primary education students in 2017 while a gender gap of 4 percentage points existed between secondary and pre-vocational secondary school student completion rates in favor of men.¹⁰ These patterns lead to disparities in learning outcomes. For instance, more serious attention to foreign language courses usually is paid after the secondary school period, and

⁵ Organization for Economic Co-operation and Development's (OECD) Social Institutions and Gender Index, 2019

⁶ TAJSTAT 2019a and World Bank Group (2019b). Gross enrollment/completion is the total number of students enrolled/completed in a given level of education, regardless of age, expressed as a percentage of the total student population of the given age group.

⁷ TAJSTAT (2019a)

⁸ World Bank Group (2019b)

⁹ TAJSTAT, et al. (2018)

¹⁰ World Bank Group (2019b). These indicators are mapped to the International Standard Classification of Education (ISCED) and thus differ slightly from the classification used by the Tajikistan education system and TAJSTAT.

those who do not continue education after secondary school do not usually continue learning of foreign languages. This fact especially puts female in a disadvantaged position when looking for well-paid jobs.

71. The Tajik society is prone to traditional perceptions about the roles of women and men. The division of responsibilities within families remains rigid and women experience a double work burden of home-related tasks and employment in the labor force. There is significant underemployment and unemployment among women in Tajikistan. Women are mostly informally employed or employed in the informal sector, and are denied and lack all social guarantees, such as maternity benefit, sickness benefit, and pensions. There is also vertical and horizontal discrimination of women in the labor market. Risk factors of GBV including SEA¹¹ are manifested at individual, community, and institutional levels. These factors include but are not limited to sociocultural dynamics that maintain male-dominated household decision-making and control over assets; social norms that condone violence; economic, educational and employment disparities between men and women in an intimate relationship.
72. A significant socially vulnerable group in Tajikistan is rural women – especially those who have been obliged to marry early or have low levels of education. Rural households in general, suffer from high unemployment rates and low incomes, because seasonal work for many households is the only means of earning a living. The root cause of violence against children in rural areas is frequently household poverty and lack of opportunities for women. The prevalence of gender-based violence remains an important socio-economic barrier for women, with every one out of three women suffering from a form of physical, sexual or other form of violence.
73. Many challenges facing women in the economy are different from those encountered by men. Though the female labor force participation is around 45% in Tajikistan, women tend to be employed in fields where the average income is lower such as healthcare, education, and agriculture. Women also bear a major burden of unpaid household work, whether or not they are employed in the formal sector. Both rural and urban women spend, on average, over 30 hours a week on unpaid domestic work in Tajikistan. The time invested in tending to the household directly affects women's participation in the paid workforce, personal and professional development, and entrepreneurship.¹² The strong, predominantly male labor migration flows to Russia and elsewhere abroad affect the traditional roles and have increased the number of female-headed households. With male family members abroad, some women have become entrepreneurs out of necessity to be able to provide for their families. The remittances sent home have, in some instances, also been used as seed money for starting small-scale businesses. Female-headed households, however, run higher risks of economic exclusion, and focusing on decreasing those risks is of particular importance in order to ensure equality.¹³
74. As regards to private sector, women make only 26% of the total number of entrepreneurs in the country. According to the National Statistics Agency, there were 90,434 officially registered female entrepreneurs in Tajikistan in 2014. Excluding dehqan farms, women head 21% of firms operating on the basis of a patent, and 38% of those operating on the basis of a certificate. According to 2013 World Bank data, the percentage of female participation in company ownership was 33%; however, the percentage of women as sole proprietors was 14.7%. Women officially manage only 9% of all firms in Tajikistan, compared to the average of 21.1% in the Europe and Central Asia region. It is noteworthy to compare these numbers

¹¹ **GBV is an umbrella term** for any harmful act that is perpetrated against a person's will and that is based on socially ascribed (that is, gender) differences between male and female individuals. GBV includes acts that inflict physical, mental, or sexual harm or suffering; threats of such acts; and coercion and other deprivations of liberty, whether occurring in public or in private life (IASC 2015). **Sexual exploitation and abuse (SEA) is a form of GBV**, defined as any actual or attempted abuse of a position of vulnerability, differential power, or trust for sexual purposes, including, but not limited to, profiting monetarily, socially, or politically from the sexual exploitation of another. Acts of SEA may involve actual or threatened violence or inducements such as protection, food, shelter, or the like in exchange for sex.

¹² National Gender Profile of Agricultural and Rural Livelihoods, Tajikistan 2016, Food and Agriculture Organization <http://www.fao.org/3/a-i5766e.pdf>

¹³ Tajikistan Country Gender Assessment 2016, ADB

to Kyrgyzstan where female company ownership is 49%, with 28.8% of companies having female top managers.¹⁴ As many smaller businesses are run informally it remains difficult to portray an accurate picture of the situation of female entrepreneurs.

75. In summary, the gender agenda—pursued integrally through economic and social policies—has been mainstreamed into education, health, social protection, and labor market policies. Key issues are the political empowerment of women; making the business climate friendlier to women and addressing unmet demand for social assistance and benefits.
76. Given the above situation, the PforR will contribute to the empowerment of women by ensuring that they are prioritized in capacity building, training and outreach activities financed by the project. Specifically, the program will aim to have no less than 50% women participants in every training that will be conducted. In addition, the program will finance the training of tax officials in gender sensitization. At the same time, the taxpayer surveys to be conducted will include taxpayer responses disaggregated by gender to allow the analysis of any potential differences in perception of tax administration issues depending on gender. If results of the taxpayer surveys identify any gender issues, the project will explore avenues to address those gender issues. Incidence analysis of reform options will also include the impact of reforms on income distribution and, when data available or based on some assumptions (e.g. women as part-time workers), could also highlight implicit gender bias. Explicit gender bias will be also considered when reforming the Tax Code. GBV risk is assessed as Low and actions appropriate to this risk level will be mainstreamed throughout the Program.

Implementation of Social Management System: Institutional Capacity

77. The proposed program scope is countrywide. The program will be implemented at and by the Tax Committee under the Government of Tajikistan (TC). The Committee carries out its activities directly or through its territorial bodies (at province, district/city levels) in cooperation with other central and local public authorities, enterprises, institutions, organizations regardless of their forms of ownership and organizational and legal form. The TC will implement the program through its central office in Dushanbe and regional offices.
78. The structural reform has been ongoing in the TC since 2012. TC has switched to functional performance, with the aim to introduce a system of voluntary compliance with tax legislation. The Committee has introduced the modern *Integrated Tax Management Information System* (ITMIS), including *Human Resource Management Information System* (HRMIS). The installed software has significantly improved the human resource management activities, including established employee database, performance monitoring and incentives for employees, assistance in staff re-assigning, identifying staff training needs, etc. On the annual basis, the TC approves a plan of advanced development and training courses, covering, in total, five training modules, which made it possible to improve both the quality and quantity in terms of advanced training of the TC employees.
79. The e-filing experience for taxpayers considerably improved once the new ITMIS was launched in July 1, 2019 replacing the old e-filing system. The ITMIS contains 40 modules and provides a single window approach to key taxpayer services, such as registration, filing of tax returns, payment of taxes, access to personal cabinet with full information on tax obligations, and notifications. Feedback received from taxpayers interviewed during the consultations about their experience with the ITMIS rollout has been mostly positive. Urban businesses noted improvements in the ease of filing taxes, as paper copies are no longer required to accompany e-submissions. They also appreciated the integrated interface and ability

¹⁴https://www.undp.org/content/dam/tajikistan/docs/Poverty%20Reduction/Barriers%20to%20Female%20Entrepreneurship%20report_ENG.pdf accessed on 10/28/2020

to submit all reports in one place. The ITMIS has also had broad acceptance and recognition. According to the 2019 Taxpayer Survey conducted, 81 percent of all respondents are aware of the e-filing, 68 percent reported using the system, and 98 percent of the surveyed users expressed their satisfaction with the system. The Survey indicated that e-filing is still less popular among individual entrepreneurs and farmers, who may have limited access to the internet.

80. The *Ethics Commission* was formed under the Tax Committee in 2016. This Commission headed by the TC Chairman enforces the implementation of the President’s Decree # 591 dated 03.12.2015 on Civil Servants Code of Ethics. The Code regulates a set of norms, principles and rules for the official and out-of-service conduct of the civil servant, expressing the moral qualities of his professional activity and conduct at work and in the society and generally recognized moral human values, the moral requirements of society for a civil servant. A civil servant has no right to give preference and privileges to anyone on the basis of national, racial, sexual, linguistic, religious, political beliefs, education, social and property status and other grounds; s/he must show tolerance and respect for the customs and traditions of nationalities, take into account the cultural or other characteristics of ethnic and social groups, and promote inter-ethnic harmony. The *Code of Professional Conduct of the Tax Employees* adopted by the Tax Committee in 2017 regulates the professional behavior of the employees of the tax authorities. The Ethics Commission reviews the complaints and statements related to non-compliance with ethical norms and rules set for civil servants employed at the TC.
81. The design of various provisions and schemes under the TC are well aligned with the needs of the taxpayers and tax staff. The departments are well equipped to handle their current programs and have well laid out guidelines and processes for implementation within the applicable legal and regulatory framework. However, there is a need to build adequate capacities among functionaries of these departments and tax offices (especially in rural areas) on the new ICT-based system and adjust them to taxpayer needs and preferences based on the rural realities. With the new system of functioning proposed to be introduced, there is a need for better coordination among implementing departments.

Citizen Engagement and GRM

The TC has documented procedures and established a dedicated department - Taxpayer Service Department - which provide specific and general dissemination of updates to information. In addition, the weekly journal “ Boju Khiroj” provides information to taxpayers. Taxpayers are also informed through proactive engagement before any legal changes take place. A number of channels are used, including website, regular seminars and meetings with business associations at the headquarters and local offices. During 2019, for targeted communication, the TC conducted 3,440 training seminars for taxpayers and their accountants, and 775 mass media regular feeds to keep taxpayers updated with general and specific information. In 2019, twenty universities and schools participated in training workshops on taxation and citizens’ responsibilities. The TC website www.andoz.tj runs 24 hours and throughout the year with dedicated staff regularly updating the information regarding changes in tax laws and administrative procedures. There are 37 e-Terminals with dedicated fiber optics lines in remote tax offices where internet access is weak—this enables taxpayers to meet their tax declaration and payment obligations electronically.

Feedback from taxpayers is obtained routinely using a variety of methods. Based on instructions issued by the Chairman, the TC obtains regular feedback from taxpayers through taxpayer’s personal cabinet, seminars, call center, website chat, surveys and business meetings, and replies to all relevant questions. During 2015-2019 annual taxpayer perception surveys were conducted to monitor public confidence in the TC by an independent expert survey firm. To determine general understanding of the tax system, the following indicators were formulated: simplicity and clarity, uniform interpretation and impartial

application. Most respondents named the following factors that can affect the increase in the level of voluntary and autonomous payment of taxes by taxpayers:

- Improvement of the knowledge of taxpayers in the field of tax legislation;
- Tax burden reduction;
- Simplification of the tax system and tax calculation procedure; and
- Reducing the number of inspections and the amount of fines.

82. The TC considers taxpayers/citizens' complaints and appeals in accordance with the *Law of Republic of Tajikistan on Appeals of Individuals and Legal Entities* (from July 23, 2016, № 1339) that contains legal provisions on established information channels for citizens to file their complaints, requests and grievances. Article 14 of the Law sets the timeframes for handling grievances, which is 15 days from the date of receipt that do not require additional study and research, and 30 days for the appeals that need additional investigations. These legal provisions will be taken into account by the Program-based Grievance Redress Mechanism (GRM).
83. Citizens can file their complaints with the TC in three ways:
- Written applications submitted to local tax offices or through e-mail -info@andoz.tj;
 - Electronic applications – through TC website <http://www.andoz.tj>;
 - Personal cabinets at the e-filing system; and
 - Phone calls to the Call Center – 151, 152
84. The existing Grievance Redress Mechanism at the Tax Committee is described in detail in Annex 5.
85. Based on Order # 77 of the TC Chairman, dated 11.03.2015, the *Appeal Board* was established in the Tax Committee to facilitate transparent dispute resolution and increase taxpayers' trust in the process. It consists of 11 part-time members with other regular assignments within the TC, who are appointed by the TC Chairman. Since its establishment, the Board has considered more than 70 taxpayers' complaints, and the number appeals filed with the Board is growing each year. Among the cases considered in 2019, 31 percent of audit decisions remained unchanged, while 69 percent were settled in favor of taxpayers. While taxpayers are informed about this dispute resolution mechanism, the 2019 Taxpayer Survey revealed that 86 percent of surveyed taxpayers, who did not agree with the TC's decision, opted not to appeal as they believe the process is worthless (42 percent), not necessary (33 percent), or they simply did not want to appeal (11 percent).
86. An important step was taken to create the Call Center under the Taxpayer Service Department of the Tax Committee. Since December 2017, the Tax Committee has improved its services by creating a call center with 10 employees responsible for answering all incoming calls on issues related to the application and compliance with tax laws, as well as complaints about unlawful actions or inaction of tax officials. In 2019, the Call Center received and managed 35819 calls. The Program will invest in the capacity building of the Call Center and local tax offices staff to improve taxpayer feedback mechanism.

Social System Assessment and Identification of Gaps

87. The borrower's systems that the Program's implementation will rely on, complies to large extent with the World Bank Core Principles. The existing system to the larger extent is consistent with the Core Principle 1 on General Principle of Environmental and Social Impact Assessment and Management, the Core Principle 3 on Public and Worker Safety, and the Core Principle 5 on Vulnerable Groups. Since Principle 4 on Land Acquisition is not applicable to the Program, land management issues were not analyzed. Specifically, the **strengths** of social issues management include:

- National policies, legal and regulatory framework for social risk management are well defined. Also, the institutional systems identifying the taxpayer services and complaint procedures to be followed are well defined. Tax offices departments can be contacted via e-filing or directly through tax service centers for payments or any clarifications.
- The national legislation and regulations provide for occupational safety and working conditions, as well as social benefits to the workers.
- There is strong political commitment at the national, provincial and local levels to reduce poverty and inequity and to improve access of all social categories to basic social services and economic infrastructure. The Targeted Social Assistance Program and Program of Social Benefits are implemented nation-wide. Tax exemptions for vulnerable individual entrepreneurs are in place.
- There is a commitment to strengthen the existing GRM. TC implements comprehensive GRM with the Call Center, website feedback chat, open hours to meet with TC leadership, and other communication lines to submit grievances.
- Experience of TC and its PIU in implementation of the WB-funded project will contribute to the institutional continuity for project-level management.

88. There are still some **gaps** between the Core Principles and the borrower system's ability to minimize, mitigate and manage social effects and risks including the following:

- No public access to tax expenditure plans/reports as part of the annual republican budget plan/ performance disclosure;
- Limited public awareness on tax reforming efforts;
- Unsystematic taxpayer outreach and education on tax amendments and compliance requirements;and
- Taxpayer feedback mechanism being only one-way communication.

89. The above mentioned gaps will contribute to the **challenges and social risks** that the Program may face during implementation, including broad public adverse behavioral response to new tax procedures being proposed; social tensions in response to non-participatory proceedings on enforcement of new tax regulations and lack of tax expenditure reporting; and increased complaints regarding inadequate access and quality of taxpayer services, especially in remote areas. Considering the above mentioned, the social risk management capacity of the TC is considered weak and requires investments into the human capacity building at the central, regional and local levels.

SECTION VII – ASSESSMENT OF PROGRAM CONSISTENCY WITH CORE PRINCIPLES OF PROGRAM FOR RESULTS

90. This section provides an assessment of the extent to which the applicable systems are consistent with the core principles and key planning elements expressed in the Bank’s policy on PforR. It also provides a review of the implementing agencies' capacity and aspects where gaps exist between Bank policy requirements and the country systems.

Core Principle 1: Overarching Principle of Environmental and Social Management

91. The legal and regulatory framework for the PforR implementation is adequate. Planning and implementation incorporate recognized elements of environmental and social good practice. To be able to translate this vision on the ground, at the national level, there have to be institutional and human capacities as well as monitoring systems that provide such processes the right impetus, timely rewards and penalties.
92. Social effects will require more attention. Hence, while the environmental assessment focuses on the weakness of the existing waste electronic equipment management practice in TC and its regional/local offices, the social assessment moves beyond, to reflect on the social protection measures, available, in general, in the country. The key element for mitigating the identified environmental and social risks is a proposed set of activities to improve governance, strengthen capacity and training, and improve outreach and information.

Core Principle 2: Natural Habitats and Physical Cultural Resources

93. The PforR does not cover any civil works. However, the development of ESMP with e-waste management procedures will be recommended. Further implementation in the PforR to avoid adverse impacts on natural habitats from inappropriate handling and disposal of waste electronic and electrical equipment will be required. The procedures for environmental control and monitoring will be developed and operationalized in TC and its regional/local offices to prevent inappropriate e-waste disposal and handling.

Core Principle 3: Public and Worker Safety

94. In analyzing a program for consistency with the sustainability principles of OP/BP 9.00, the ESSA is intended to ensure that programs supported by PforR financing are implemented in a manner that maximizes potential environmental and social benefits and avoids, minimizes or mitigates any and all adverse environmental and social impacts and risks. Essentially, the ESSA process seeks to improve institutional performance related to the program’s development objectives.

Core Principle 4: Land Acquisition.

95. This core principle aims to manage land acquisition and loss of access to natural resources in a way that avoids or minimizes displacement, and assist affected people in improving, or at a minimum restoring, their livelihoods and living standards.
96. *It is not applicable*, as the activities to be supported under the program will not require land acquisition. Nor will there be any restrictions on land use and accesses, since ICT equipment will be installed within the existing buildings only.

Core Principle 5: Indigenous Peoples and Vulnerable Groups

97. This core principle aims to give due consideration to the cultural appropriateness of, and equitable access to, Program benefits, giving special attention to the rights and interests of the Indigenous Peoples and to

the needs or concerns of vulnerable groups. The core principle also emphasizes the need of giving attention to groups vulnerable to hardship or disadvantage, including as relevant the poor, the disabled, women and children, the elderly, or marginalized ethnic groups. If necessary, special measures are taken to promote equitable access to program benefits.

98. This Core Principle is applicable (except for Indigenous Peoples, since there are no indigenous peoples in Tajikistan identifiable under the World Bank Policy).
99. **Strengths:** There is strong political commitment at the national, provincial and local levels to reduce poverty and inequity, and to improve access of all social categories to basic social services and economic infrastructure. The Targeted Social Assistance Program and Program of Social Benefits are implemented nation-wide.
100. **Gaps:** The existing monitoring and evaluation system for targeted social assistance is incomplete and unreliable, and consequently is not fit to inform policy making. Lack of clarity and consistency regarding the implementation mechanism for consultation and stakeholder engagement could alienate poor and vulnerable groups.
101. **Actions and Opportunities:** A Stakeholder Engagement Plan (sensitization and awareness, consultation, information disclosure and grievance mechanism) should be developed as part of the outreach program, particularly targeting the vulnerable groups. Engagement of NGOs, business associations and other civil society organizations to support with outreach and capacity building of vulnerable taxpayers is required.
102. **Risks:** Key social issues are: i) potential exclusion of taxpayers or vulnerable groups, especially those lacking ICT skills/experiences or technological resources, to access the project benefits/results/incentives; (ii) the possibility that enhanced tax compliance will imply short-term income impacts that would disproportionately affect small and medium enterprises (SMEs) including poor and/or vulnerable taxpayers.

Core Principle 6: Social Conflict

103. This Core Principle aims to avoid exacerbating social conflict, especially in fragile states, post-conflict areas, or areas subject to territorial disputes.
104. This Core Principle is applicable. Tajikistan is a fragile country affected by internal social tensions and security challenges at the border districts, although the incidences and conflicts differ significantly among the regions. Among them, the ethnic conflict in the Kyrgyz-Tajik border in the north, and 1,500 km of Afghan border is affected by drug trafficking. GBAO accounts for the highest level of relative poverty measure.
105. **Risks:** Unemployment among the youth and vulnerable peoples is quite high, which represents a source of instability and a potential threat for the country as a whole. Vulnerable villages along borders and absence of sustainable income sources can impact the program accomplishments and service delivery in the affected areas.

SECTION VIII – ENVIRONMENTAL AND SOCIAL KEY ACTIONS: INPUT INTO THE PROGRAM FOR RESULTS ACTION PLAN

106. ESSA preparation was chiefly based on consultations with key stakeholders. These engagements enabled gauging expectations against the related environmental and social risks and the identification of possible mitigation measures to alleviate those risks. The ESSA Action Plan has been developed to augment the Program and ensure that actions critical to the delivery of the PDO are achieved in an environmentally and socially sustainable manner. In a broader context, the measures recommended are designed to help proponents improve system performance and to address gaps identified.
107. This section summarizes the key measures that need to be taken during Program implementation for social as well as environmental aspects. In a broader context, the measures recommended are designed to help proponents improve their system performance and to address the discussed risks.
108. Table 4 below summarizes the potential mitigation measures identified for environmental and social gaps and risks for the Program.

Table 4: Environmental and Social Gaps & Risks and Mitigation

Results Areas	Environmental and Social Gaps and Risks	Potential Mitigation Measures
<p>Result Area 1: Simplified Tax System.</p>	<ul style="list-style-type: none"> • Gaps in unharmonized tax and financial accounting reporting systems that negatively affect the taxpayers. • Gaps in governance, internal control and utilization of taxpayer data, ICT systems, and related databases. • Gap in the capacity to manage e-wastes; • Gaps in the capacity building of ICT staff and ICT skills of tax administrators. • Gap in the capacity to implement continuous training and improving employee knowledge. • Gap in electronic data exchange and integration of information systems with all departments and government agencies. • Gap in weak monitoring and evaluation system. • Risk of negligible environmental impact due to improper management of e-wastes. • Risk of non-compatible information systems with other government agencies, which increases the time and cost for tax compliance for taxpayers. • Risk of resistance to ICT changes and reforms on behalf of tax administrators. 	<ul style="list-style-type: none"> • Capacity building for taxpayers on the revised taxation requirements and reporting system changes is to be included in the Program. • The new governance model/internal control system will be institutionalized at the TC. • ESMP with e-waste management procedures will be developed and implemented. • A comprehensive ICT capacity building action plan for tax staff will be developed and implemented. • A system of continuous in-service training and on-job mentorship should be developed, annual staff training plans and on-job-training will be implemented to improve the qualifications of employees. • Interagency information system compatibility assessment will be conducted to fill in the gaps to reduce time costs of taxpayers. • A robust M&E system is designed, introduced and implemented at the TC.

Results Areas	Environmental and Social Gaps and Risks	Potential Mitigation Measures
Area 2: Improved quality of taxpayer services	<ul style="list-style-type: none"> • Gaps in public outreach and securing public access to tax expenditure plans as part of the draft annual republican budget disclosure. • Gaps in taxpayer education and feedback mechanisms. • Gap in interaction of taxpayers with tax authorities in electronic form; • Gap in poor knowledge of taxpayer rights and obligations. • Gap in taxpayer feedback mechanism being only one-way communication • Risk of social tensions in response to non-participatory proceedings on enforcement of new tax regulations and lack of tax expenditure reporting. • Risk that quality and accessibility of tax services in remote areas is not adequate. • Risk of limited coverage of taxpayers by educational and outreach activities. 	<ul style="list-style-type: none"> • Taxpayer Communication Plan is developed, implemented and institutionalized. • Taxpayer feedback mechanism is institutionalized at the Call Center and its staff capacity is built. • Tax service centers will be established in nearly all local tax authorities, especially in rural areas where taxpayers have no access to internet. • Annual taxpayer education and communication plans are developed and implemented in all tax authorities. • Effective grievance redress mechanism is established and maintained in tax offices of different levels. • Effective methods for taxpayer education and awareness are developed and applied.
Area 3: Improved Voluntary Compliance	<ul style="list-style-type: none"> • Gaps in capacity to conduct a consolidated, systematic and focused analysis of compliance risks and to systematically analyze trends and performance indicators for different taxpayer segments, industries and tax obligations. • Risk of frequent time- and resource-intensive tax inspections of taxpayers to be continued. 	<ul style="list-style-type: none"> • Capacity building activities for professional staff in compliance risk management and tax audit functions in risk management, risk-based audit and trend analysis will be implemented. • Tax audit schedule and compliance requirements will be publicized.

109. The ESSA Action Plan proposes six actions across three main areas: governance; training & capacity building; and communications, outreach & feedback mechanisms. Those actions are as follows:

- **Governance:**
 - **A1.** Hire an E&S Specialist responsible for (1) communication and outreach, (2) outreach to taxpayers to ensure compliance, and (3) environmental and social risks mitigation, monitoring, and reporting by the PIU¹⁵.
 - **A2.** Develop and implement the ESMP with e-waste management procedures.
 - **A3.** Establish tax service centers in nearly all local tax offices, especially in rural areas where taxpayers have no access to the internet.
 - **A4.** Design, introduce and implement a robust M&E system at the TC.
- **Training and Capacity Building:**
 - **A5.** Modernize, strengthen and implement the system of continuous in-service training and on-job mentorship to improve the qualifications of employees, including development and implementation of action plan on tax staff ICT capacity building.
- **Communications, Outreach and Feedback Mechanisms:**
 - **A6.** Prepare and implement a Taxpayer Communication Plan with a strengthened taxpayer feedback mechanism and GRM at the Call Center and local tax offices.

¹⁵ PIU should be staffed with adequate professional, fiduciary, environmental and social risk management, administrative and technical personnel, with qualifications, experience and terms of employment acceptable to the Bank, as described in the Program Operations Manual

110. Actions one, two and six are particularly important; therefore, they are also included in the Program Action Plan, which will be part of the overall Legal Agreement governing the Program. Full details of the ESSA Action Plan are found in Annex 2.

SECTION IX – CONSULTATION AND DISCLOSURE

111. During the WB virtual mission in September 2020, the Environmental and Social team members introduced the Ministry of Finance and TC officials to the ESSA principles and objectives of other Bank operations. Considering the Covid-19 pandemic situation the follow-up stakeholder consultations were carried out via e-mail, virtual meetings, and phone interviews during October and November 2020. Information necessary to conduct the ESSA was gathered from:

- a. Communication with government agencies and key informants;
- b. Findings of the stakeholder consultations held by the TC during program preparation;
- c. Task team assessments and other related Bank activities (sector studies, country studies);
- d. Assessments undertaken by other development agencies, or other relevant national, regional, or sectoral assessments or analysis;
- e. Consultations held with the Tax Committee Departments; and
- f. Desk review of the relevant literature and data.

112. A multi-stakeholder virtual disclosure workshop was organized in January, 2021 in Dushanbe by the World Bank E&S team. It was attended by a group of diverse stakeholders from across Tajikistan. The workshop participants included business associations, government representatives, civil society, private sector, international donor agencies, and representatives of nongovernment organizations. Major feedback received from the public consultation was incorporated into the final ESSA. Notes from the workshop and a full list of participants are found in Annex 6.

113. For easy and fuller understanding, the final ESSA will be translated into Russian and will be widely disseminated in hard copy and electronically, as well as disclosed on the TC and World Bank websites.

ANNEX 1: ENVIRONMENTAL AND SOCIAL LEGAL AND REGULATORY FRAMEWORK

114. The system of legal acts in Tajikistan includes the Constitution; international agreements to which Tajikistan is party; codes and laws; joint resolutions of the two chambers of the parliament, Majlisi milli (National Assembly) and Majlisi namoyandagon (Assembly of Representatives); resolutions of Majlisi milli and resolutions of Majlisi namoyandagon; decrees of the President; resolutions of the Government; resolutions of ministries, state committees and other state bodies; and acts of the local representative and executive authorities. Also there are several relevant National Plans that can be considered as guiding documents such as the National Development Strategy for the period to 2030 and the Sustainable Development Transition Concept.

Environmental Policies, Laws and Regulations Applicable to the PforR.

115. The Law On Environment Protection (2011) stipulates that Tajikistan's environmental policy should give priority to environmental actions based on scientifically proven principles to combine economic and other activities that have an impact on the environment with nature preservation and the sustainable use of resources. The Law defines the applicable legal principles, the protected objects, the competencies and roles of the Government, the State Committee for Environmental Protection (CEP), the local authorities, public organizations and individuals. The Law also stipulates measures to secure public and individual rights to a safe and healthy environment and requires a combined system of ecological expertise and environmental impact assessment of any decision on an activity that could have a negative impact on the environment.

116. Environmental regulations and standards are also set for air and water pollution, noise, vibration, magnetic fields and other physical factors. Several ministries/committees determine environmental quality standards, each in its field of responsibility. Standards are divided into national, territorial, sectoral and standards into account the requirements to means of production, transport, processes, raw and other materials, the working environment as well group protection of workers.

117. The Law of the Republic of Tajikistan On Wastes of Production and Consumption (adopted on May 10, 2002 and amended on June 28, 2011) defines types of wastes, property rights on wastes; responsibility of waste owner, etc. There are several regulations on extracting metals. The Law does not define electrical and electronic wastes (e-waste), however. There is no specific regulation that defines procedure for e-wastes utilization/recycling either. Since the e-waste contain a lot of precious and semi-precious metals there are several Decrees of the Government of the Republic of Tajikistan on metal scrap recycling that can be applicable to e-waste. In 2011, the Government approved procedures for collection and removal of industrial and municipal waste (2011 Resolution of the Government #279). According to the procedures, special container sites shall be installed in urban and rural settlements. The sites shall be covered with asphalt, lit equipped with runoff and have easy access for inhabitants and transport operators.

118. Decree #184 adopted on April 30, 2012 by the Government of the Republic of Tajikistan On Approval of the Procedure to Write Off the State-Owned Fixed Assets is applicable in case of e-waste recycling. The Decree describes the steps, which state-owned fixed asset Keeper should follow to write them off. If the owner of the fixed asset is the Republic of Tajikistan then the central apparatus body with corresponding responsibility takes a decision about writing them off. In case the fixed assets are in municipal ownership, the corresponding Majlisi (councils), heads of Gorno-Badakhshanskiy Autonom Region, other regions, towns and districts take decision about writing off the fixed assets. After receiving a permit to write-off the fixed assets from the responsible authority, the fixed assets Keeper has three months to (i) demount

and break into pieces the fixed asset; (ii) sort out scrap part into black and color metals, store scrap and account it; (iii) get consent from the State Instrumental Supervision Authority at the Ministry of Finance of the Republic of Tajikistan to extract precious metals from the scrap, recycle at the licensed facilities and hand over to the Ministry of Finance, and (iv) report to the responsible authority (the one who gave permit) on written-off fixed assets.

Social Policies, Laws and Regulations Applicable to the PforR

119. As the fundamental law of the State, the Constitution defines the structure of the government, basic rights, liberties and responsibilities of its citizens, as well as the powers of the legislative, executive and judicial branches. Article 5 mandates that: The life, the honor, the dignity, and other natural human rights are inviolable. Human rights and freedoms are recognized, observed, and protected by the state. Article 12 guarantees that: The economy of Tajikistan is based on different forms of ownership: freedom of economic and entrepreneurial activity, equality of rights, and legal protection of all forms of ownership, including private property. Some key strategies, laws and regulations that have relevance for social protection for the Tajikistan Tax Reform Program are presented below.
120. *National Development Strategy (NDS) for the period of up to 2030* sets a target of increasing domestic incomes by up to 3.5 times and reducing poverty by half by 2030. The country's macro-fiscal context suggests that domestic revenue mobilization remains a top policy priority to facilitate the required fiscal consolidation in a context of an already high level of debt. At 22 percent of GDP, Tajikistan's total tax effort is close to the average for lower-middle-income countries. However, more revenues from low-distortion taxes are needed to support Tajikistan's robust development agenda of poverty reduction, social service delivery, and infrastructure upgrade and expansion.
121. *Tax Administration Development Program for Tajikistan 2020-2025* is a medium-term program based on the priorities of the National Development Strategy of the Republic of Tajikistan for the period up to 2030. It is aimed at simplifying and making accessible taxpayers services and increasing tax discipline of taxpayers, ensuring consistent development of the tax administration system, introducing ICT best practices and further improving tax relations between taxpayers and tax authorities. Moreover, the main lines of action to improve tax administration for the TC will be to ensure compliance with tax legislation by improving the service mechanisms, the consistent development of automation systems for tax administration, remote interaction between taxpayers, state bodies and local governments, and building the tax culture in taxpayers.
122. As part of the implementation of the *State Program on Development and Introduction of Information and Communication Technologies in the Republic of Tajikistan for 2018-2020*, and using the interagency Data Processing Center infrastructure, the TC is currently exchanging data offline with the following ministries and agencies of the Republic of Tajikistan: Ministry of Finance, State Agency for Statistics, Customs Committee, Agency for Social Insurance and Pensions, Procurement Agency, State Committee for Land Management and Geodesy, State Traffic Inspectorate under the Ministry of Internal Affairs, National Bank of Tajikistan; State Savings Bank "Amonatbank" and commercial banks of the RT.
123. Within the framework of the *Law on Protection of Personal Data (2018)*, *Law on State Secrets (2015)*, and *Law on Protection of Information (2005)*, in accordance with the agreement No. 2019-190, dated 19.12.2019 signed with the Head Office of State Secrets under the Government of the Republic of Tajikistan, the TC has carried out certification and examination of the Integrated Tax Management Information System and its information and communication infrastructure.

124. *Tax Code of the Republic of Tajikistan* stipulates the legal provisions on setting, amending, cancelling, assigning and payment of taxes, as well as regulates the relations between the state and taxpayers in regards with implementation of tax obligations. It also defines the organizational structure of tax authorities, their rights and responsibilities, methods of tax control and measures for tax legislation violations. Article 81 of the Tax Code describes the *right of a taxpayer to file a complaint* and/or disagreement on the tax statement received, actions and inactions of tax administrators. The grievance is filed only in writing with the first instance tax authorities within 30 days of the tax statement receipt. The Code sets the timeframes for handling grievances, which is 30 days from the date of receipt of the complaint. The taxpayer can file an appeal in the upper tax administrative level or in a court. Article 104 of the Tax Code determines the specific cases for *tax exemptions for physical entities* receiving the *Targeted Social Assistance* and other social compensations and benefits. Article 213 (para 4) of the Tax Code stipulates the right of the labor migrants *to voluntarily register with the tax authorities and make social tax payments* as prescribed by the legal regulations.
125. Based on the *Government Resolution #456 on Tax Committee Setup* issued in 2012 (last amended 2019) the structural reform was implemented in the Committee. The TC switched to the functional performance, with the aim to introduce a system of voluntary compliance with tax legislation. The main functions of the Committee are to ensure the implementation and compliance with tax legislation, develop tax administration mechanisms in order to ensure the timely and complete tax payments into the relevant budgets, participate in preparation of draft laws and other regulatory legal acts on tax issues, including contracts with other states, explain to taxpayers their rights and obligations and timely inform taxpayers about changes in the tax legislation. The Committee carries out its activities directly or through its territorial bodies in cooperation with other central and local public authorities, enterprises, institutions, organizations regardless of their forms of ownership and organizational and legal form.
126. *Law on Civil Service* determines the organizational and legal basis of the civil service, the legal status and social guarantees of civil servants of the Republic of Tajikistan. Article 35 of the law regulate termination of employment as a result of major changes in the organization or in instances when an organizational entity is merged or dissolved. The Law provides that in instances when certain job positions would be abolished, the redundant civil servants can be reassigned to other job positions. If transfer to another relevant civil service position is not possible, the civil servants are placed in the cadre reserve for one year and refresher training opportunities are offered.
127. As part of further reform efforts aimed at creating favorable conditions for entrepreneurial activities, involving larger numbers of citizens in entrepreneurial activities and reducing their costs when starting small and medium-sized businesses, the Law of the Republic of Tajikistan "*On state duty*", dated January 2, 2020, No. 1680, and the Law of the Republic of Tajikistan "*On state registration of legal entities and individual entrepreneurs*", dated January 2, 2020, No. 1681, were amended. As the result, payments of the state duty were cancelled for all types of state registration (regardless of the form and type of activity) of the opening, closing, reorganization of legal entities and individual entrepreneurs, branches and representative offices of foreign legal entities, as well as for getting an extract from the Unified State Registry (i.e. for taking legally significant actions related to the registration of a legal entity and individual entrepreneur).
128. *Law on Inspections of Economic Activities* issued in 2015 establishes the legal basis and procedures for inspections, procedures for conducting them, the rights and obligations of business entities, officials of inspection bodies and is aimed at protecting the health, legal rights and interests of citizens, the environment, national security and protecting the activities of audited business entities, regardless of forms of ownership. Article 10 includes thirty state bodies entitled to implement inspections of the legal

entities. The newly established enterprises are inspected only after two years upon their establishment (Article 14).

129. *Law on Appeals of Individuals and Legal Entities of Republic of Tajikistan* (from July 23, 2016, № 1339), contains legal provisions on established information channels for citizens to file their complaints, requests and grievances. Article 14 of the Law sets the timeframes for handling grievances, which is 15 days from the date of receipt that do not require additional study and research, and 30 days for the appeals that need additional study. These legal provisions will be taken into account by the Program-based Grievance Redress Mechanism. Based on the Order # 77 of the TC Chairman, dated 11.03.2015, the *Appeal Board* was established in the Tax Committee to address and resolve the outstanding grievances and complaints filed.
130. *Law on Freedom of Information* is underpinned by Article 25 of the Constitution, which states that governmental agencies, social associations and officials are required to provide each person with the possibility of receiving and becoming acquainted with documents that affect her or his rights and interests, except in cases provided by the legislation. Based on this Law, the Project Affected People (PAP) have the right to access the Program related information.
131. *Law on Consumer Rights* (2004, updated 2018) regulates legal relations between the consumer and producers, implementers, sales entities during procurement of goods, works, and services of adequate quality and safety, ensuring access to information on goods, works, and services and their producers, and secures the state and public protection of consumer rights, and describes the consumer rights implementation mechanisms. The legal provisions of this Law will be applied by the taxpayers in cases when their consumer rights to taxation services will be violated during the project implementation. According to this Law the taxpayers have a right to be informed on the tax rates to be changed and associated investments to be made to justify the new taxation procedures.
132. The *Ethics Commission* was formed under the Tax Committee in 2016. This Commission headed by the TC Chairman enforces the implementation of the President's Decree # 591 dated 03.12.2015 on Civil Servants Code of Ethics. The Code regulates a set of norms, principles and rules for the official and out-of-service conduct of the civil servant, expressing the moral qualities of his professional activity and conduct at work and in the society and generally recognized moral human values, the moral requirements of society for a civil servant. A civil servant has no right to give preference and privileges to anyone on the basis of national, racial, sexual, linguistic, religious, political beliefs, education, social and property status and other grounds; s/he must show tolerance and respect for the customs and traditions of nationalities, take into account the cultural or other characteristics of ethnic and social groups, and promote inter-ethnic harmony. The *Code of Professional Conduct of the Tax Employees* adopted by the Tax Committee in 2017 regulates the professional behavior of the employees of the tax authorities. The Ethics Commission reviews the complaints and statements related to non-compliance with ethical norms and rules set for civil servants employed at the TC.
133. It should be noted that the *legislation related to land use and acquisition* is not applicable to the activities to be supported under the Program. Within Results Area 2, the Program will support rehabilitation and upgrade of ICT infrastructure. These activities are not expected to require land acquisition or impact any other land users because they will be implemented within the buildings and boundaries of the tax authorities.
134. *Law on Public Procurement of Goods, Works and Services* (2006, amended in 2012) establishes general legal provisions on the government procurement of goods, works and services by any legal entities within the territory of the Republic Tajikistan. It regulates the procurement procedures carried out partially or completely from the state budget funds. Article 16 of this Law defines the right of complainants.

Participants in the auction procedures have the right to lodge a complaint to the tender commission with regard to the selection results before the decision of the tender commission is made. Participants in procurement procedures can also lodge a complaint to the procuring organization with respect to any decision of the tender commission during 10 days after publication of results of purchasing procedures.

135. *Labor Code of the Republic of Tajikistan (dated July 26, 2016)* is the fundamental legislative act aimed at regulating all labor issues arising in the Republic of Tajikistan. This Code governs employment relationships and other relations, directly related, directed to protection of the rights and freedoms of the parties of employment relationships, establishment of the minimum guarantees of the rights and freedoms in the sphere of work. Article 7 of the Code prohibits discrimination and guarantees that all citizens have equal rights to work; discrimination in labor relations is prohibited. Article 22 of the Tajikistan Labor Code embraces the principle that all employees should be treated equally. Accordingly, employers cannot treat temporary and agency workers or part-time workers differently from the permanent employees unless justifiable grounds exist for the different treatment. Article 8 prohibits forced labor. Article 174 sets the minimum age at 15, however, in certain cases of vocational training, mild work may be allowed for 14 years old.
136. Articles 189-192 of the Labor Code regulate labor disputes between the employer and employee and working conditions provided by labor agreement (contract) and collective agreement and contracts. Section 5 of the Labor Code narrates the roles and responsibilities of employers and employees related to occupational health and labor safety.
137. List of International Treaties and Conventions related to Social Issues ratified by Tajikistan:
 - Rotterdam Convention on Prior Informed Consent (PIC) procedure (1998);
 - Convention for the Safeguarding of the Intangible Cultural Heritage (2006);
 - International Covenant on Economic, Social and Cultural Rights;
 - Convention on the Elimination of all forms of Discrimination Against Women;
 - Convention on Minimum Age for Admission to Employment (1993);
 - Convention on Worst Forms of Child Labor (2005);
 - Abolition of Forced Labor Convention (1999);
 - Employment Policy Convention (1993);
 - Labor Inspection Convention (2009);
 - UN Convention on the Rights of the Child CRC (1993);
 - Tripartite Consultation (International Labor Standards) Convention, (2014); and
 - Occupational Safety and Health Convention (2009).

ANNEX 2: ACTION PLAN SUMMARY OF ENVIRONMENTAL AND SOCIAL MEASURES

The Action Plan to strengthen the implementing entities' environmental and social management system for addressing potential environmental and social risks associated with the PforR implementation is presented below. The proposed actions in this ESSA Action Plan are critical to the successful delivery of the PforR and it is incumbent upon the PIU to ensure they are carried out. Actions three, nine and ten (in bold) are particularly important; therefore, they are also included in the Program Action Plan, which will be part of the overall Legal Agreement governing the Program.

Action description	Due Date	DLI supported	Responsible Party	Completion Measurement
Results Area 1, 2 and 3				
A1 - Governance. Hire a E&S Specialist responsible for (1) communication and outreach, (2) outreach to taxpayers to ensure compliance, and (3) environmental and social risks mitigation, monitoring, and reporting at the PIU.	At the start of the Program	1-6	PIU	E&S Specialist is hired
A2 - Governance. Develop, implement and report on the ESMP with e-waste management procedures	Before Program Appraisal Ongoing implementation Regular reporting	3	PIU	The ESMP is prepared, disclosed and implemented. Annual Program Implementation Reports
A3 - Governance. Establish tax service centers in nearly all local tax authorities, especially in rural areas where taxpayers have no access to the internet	Year 2	6	TC	Tax service centers are established in nearly all rural tax offices
A4 - Governance. Design, introduce and implement a robust M&E system at the TC	Year 1, Ongoing	3	TC supported by PIU	A robust M&E system is designed, introduced and implemented at the TC. Regular M&E reports
A5 – Modernize, strengthen and implement the system of continuous in-service training and on-job mentorship to improve the qualifications of employees, including development and implementation of action plan on tax staff ICT capacity building;	Year 1 and ongoing	4	TC	An action plan on ICT capacity building of tax staff is prepared and being implemented. Annual staff capacity building/training plans are approved, implemented and reported in each tax office
A6. Communications and Outreach. Prepare and implement Taxpayer Communication Plan with strengthened the taxpayer feedback mechanism at the Call Center and local tax offices.	Ongoing	1-6	TC	-Taxpayer Communication Plan and Stakeholder Engagement Plan implemented and reported as part of Annual Program Implementation Reports; -Effective GRM is in place in every tax office. -Regular GRM reporting

ANNEX 3: STAKEHOLDER CONSULTATIONS HELD

The TC and the World Bank initiated a discussion on the project concept in late December 2019. The latest discussions on the program content and project design occurred from June through November 2020 via virtual meetings with the stakeholders in Tajikistan. Details about the meetings and consultations are below:

Place and Method	Date	Participants	Key points raised
Dushanbe, face-to-face meetings, e-mail exchanges, phone consultations, webex discussions	October - November, 2020	Tax Committee Departments on Legislation Improvement, Call Center, Taxpayers Service Department, Department of Organizing Documents and Information Flow.	<ul style="list-style-type: none"> • Preparation of the social and environmental risk management documents by the TC with the WB technical support. • Institutional GRM in place at the national and local levels • E-waste management issues • Regulatory and legal provisions for citizen engagement, labor management and environmental protection • Organizational organigram • Program expectations and anticipated E&S impacts
Dushanbe, virtual meetings through webex	September 14-18, 2020	WB Task Team, Ministry of Finance, Tax Committee, Ministry of Economic Development and Trade (MEDT), Ministry of Justice (MoJ), National Bank of Tajikistan (NBT), State Committee of Investment and State Property Management (SCISPM), Custom Service and members of the Working Group for the new Tax Code.	<ul style="list-style-type: none"> • TRP development objectives, scope, design, main results expected, and implementation arrangements of the proposed Tax Reform Project (P171892); • the World Bank-supported technical assistance on Tax Policy and Tax Administration Reform Project (P173237) focusing on supporting the reforms of tax policy, tax administration, and tax expenditure analysis, • further support the drafting of the new tax code, as well as analytical work to assess the impact of changes on the flow of cash proceeds to the budget
Dushanbe, workshops, meetings, virtual discussions	June-October, 2020	Advisory consultations /TA to the Tax Code amendment Working Group (including representatives of business associations as well).	<ul style="list-style-type: none"> • Tax Administration: COVID-19 Stress testing • Diverse taxation scenarios • Tax Compliance Strategy • Proposed Tax Code amendments related to VAT refund, tax exemptions
Dushanbe, Vahdat, meetings, site visits, interviews with key informants	December 16 to 29, 2019	Interviews with senior and middle management of the TC. Site visits to the Large Taxpayer Office in Dushanbe, the local tax office in Vahdat district, interviews with representatives of the Chamber of Commerce and Industries.	Tax Administration Diagnostic Assessment Tool (TADAT) was used to complete a baseline assessment of tax administration performance. The findings have been used to determine reform priorities, and to incorporate them into the program design.
Dushanbe, Presentation and consultation with key state stakeholders	January, 2020	Chairman of the TC and representatives of relevant ministries.	A draft tax administration performance assessment report was presented, and feedback received from the TC and line ministries. Their comments and inputs have been incorporated in the final report and laid the ground for the tax reform priorities.

<p>Dushanbe, and 4 regions of the country</p> <p>2019 Taxpayer Perception Survey</p>	<p>October-November, 2019</p>	<p>1042 respondents.</p> <p>The proportion of men surveyed was 80%.</p> <p>The share of legal entities was 46%, dekhon farms - 32%, and individual entrepreneurs - 22%.</p> <p>Five FGD were also conducted.</p>	<ul style="list-style-type: none"> • 62% of respondents are aware of the Call Center services. FGD participants express the opinion that the Call Center is important, but it does not affect the timely payment of taxes. • 70% know about the existence of the TC website. • Only 32% are aware about the e-application services. • 81% are aware of the possibility of e-filing; Entrepreneurs from Khatlon region turned out to be less informed - 50%. The distribution by gender shows that men are more aware of this possibility than women - 82% and 76%, respectively. • 63% of respondents said they were using the e-filing system. • 90% of VAT payers use this service. E-invoicing option is mostly used by entrepreneurs from Dushanbe - 93%. • 61% of entrepreneurs surveyed are aware of the e-mail option. Only 11% of those aware used it. • The vast majority of respondents visited local tax offices - 92%. These were represented by legal entities dekhon farms and entrepreneurs from rural areas. • 20% of the total number of surveyed entrepreneurs used a Single Window. The main reasons for applying: need to amend documents - 36% and re-registration - 20%. • Workshops are one of the most important tools for raising awareness of entrepreneurs in the field of taxation. Out of the total number of respondents, 44% of respondents participated in workshops. • Almost half of the respondents (45%) indicated that, based on the results of audits, they had been charged additional taxes and penalties. At the same time, the vast majority replied that they agreed with the decision of the tax authorities and only 17% indicated their disagreement.
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Lessons Learned in Engaging Stakeholders from Previous Projects:

Community mobilization and involvement play important roles in ensuring relevance and ownership of interventions. The project draws on the stakeholder engagement experience under several World Bank (WB) and other donor-supported projects¹⁶ to identify effective approaches to citizen engagement.

During the discussions with the WB ESF team members it was recommended that the project team should take into consideration the impact of COVID-19 on the project design, risks and DLI targets.

Annual taxpayer surveys during TARP to be continued during TRP. The Tax Code, the provisions and instructions on taxation and the practical implementation of the tax system were highlighted as the key elements of the system in the 2019 Taxpayer Perception Survey. To determine general understanding of the tax system, the following indicators were formulated: simplicity and clarity, uniform interpretation and impartial application. Most respondents named the following factors that can effect an increase in the level of voluntary and autonomous payment of taxes by taxpayers:

- Improvement of the knowledge of taxpayers in the field of tax legislation;

¹⁶ World Bank Tax Administration Reform Project (TARP); Bank-executed Trust Fund Tajikistan Tax Policy and Administration Reform (TF0B2202), financed by the Global Tax Program (GTP) – a Multi-Donor Trust Fund, supported by a broad circle of international development partners

- Tax burden reduction;
- Simplification of the tax system and tax calculation procedure; and
- Reducing the number of inspections and the amount of fines.

Insufficiency of information to raise awareness in the field of taxation was noted in almost all focus group discussions held. The total key performance indicators (KPIs) of all services provided to taxpayers by the Tax Committee of the Republic of Tajikistan was 82%. The satisfaction with the taxpayer services provided was based on certain key processes, and the TC KPIs were rated as follows:

- Call center - 95%;
- Website - 75%;
- Electronic application to the Tax Committee of the Republic of Tajikistan - 54%;
- Electronic filing of returns - 81%;
- Electronic invoicing for VAT - 90%;
- Services at tax offices - 90%;
- Services by the Single Window - 92%;
- Workshops - 81%; and
- Overall satisfaction with services - 82%.

The results obtained will serve as a baseline study to assess the KPIs for upcoming investments.

Feedback received from taxpayers interviewed during program preparation, especially urban businesses noted improvements in the ease of filing taxes, as paper copies are no longer required to accompany e-submissions. E-filing is still less popular among individual entrepreneurs and farmers, who may have limited access to the internet.

ANNEX 4. BENEFICIARIES AND STAKEHOLDERS' EXPECTATIONS, ISSUES AND CONCERNS RELATED TO THE PROGRAM

Consultation meetings were held with different stakeholder groups. Program information were shared to evince their expectations and the issues/ concerns thereof. These consultations helped in understanding not only the current functioning of the system but also in ascertaining the social issues likely to be addressed by the program. The results so obtained were consolidated and the initial set of impacts likely to occur as a result of the program interventions tabulated. Consultations were held that covered a variety of stakeholders in order to identify gaps, risks, and potential actions. The Program beneficiaries and stakeholders will have different expectations from, and issues related to, the Program

Table 5: Expectations, Issues, and Concerns

1. Group/ Subgroup	2. Expectations from the Program	3. Current Status	4. Concerns and issues	5. Significance of Risks	6. Enabling Conditions required
Ministry of Finance (MOF) and its Tax Policy Department	Secure funding to meet the priority objectives of the Tax Administration Development Program for Tajikistan 2020-2025, with specific focus on improving tax collection, reducing the administrative burden of taxpayers, and increasing transparency of the tax system.	MoF faces substantial challenges in mobilizing inclusive domestic revenues because of long-standing challenges with tax policy design and administration. Insufficient resources to promote broad-based governance reforms.	<ul style="list-style-type: none"> • More revenues are needed to support Tajikistan's robust development agenda of poverty reduction, social service delivery, and infrastructure upgrade; • Weak capacity to conduct quality tax policy analysis (including tax incidence), forecasting and policy formulation. • While the recent proposal for amendment to the Tax Code has addressed many policy issues, few improvements are needed to the administrative and procedural part of the code. MOF will need to address legislative and administrative hurdles to allow the TC to be more effective in fulfilling its role to combat tax evasion and default. Legal provisions will need to be added for facilitating online inter-agency data exchange and information matching. 	High	<p>Conduct ICT-based governance assessment and implement new ICT-based governance model in the tax system;</p> <p>Build capacity of the MoF professional staff to develop and implement evidence-based tax policy analysis;</p> <p>Harmonization of tax legislation with other laws: adopt critical secondary legislation for implementation of new Tax Code to be approved by 2021.</p>
Tax Committee Central Apparatus and its Departments	Receive technical assistance and financial support for implementation of the Tax Administration Development Program for Tajikistan 2020-2025	Improvements in Tax Administration have been achieved with support of the WB TARP project: <ul style="list-style-type: none"> • Major business processes are automated through ITMIS and HRMIS; 	<ul style="list-style-type: none"> • A plethora of tax exemptions that introduce complexity and distortions into the tax system, increase compliance costs, and make the tax system harder to administer; • Low capacity of TC to detect tax evasion and locate non-filers; • Limited use of risk-based approaches in audit; • Insufficient governance, internal control and utilization of taxpayer data, information and communication technology (ICT) systems, and related databases; 	High	<p>Integration and enhancement of the automated information and analytical systems</p> <p>Digitalization of taxpayer services and taxation operations</p> <p>On-job training and mentoring opportunities</p>

	<p>Improve the technological infrastructure, reengineer and automate taxpayer services</p> <p>Enhance the integrity and capacity of tax authorities</p>	<ul style="list-style-type: none"> • 40 taxpayer services are available in on-line form; • Call Center is established; • New Tax Code, aiming to make the tax system simpler, less distortionary and more transparent is in development; and • Annual taxpayer surveys implemented for the last 3 years. 	<ul style="list-style-type: none"> • No use of taxpayer feedback in enhancing taxpayer services; • Limited use of critical taxpayer e-services by individual entrepreneurs and individual taxpayers (e.g. e-declaration); • Low capacity to deliver high-quality taxpayer services and • Taxpayers' limited awareness of their rights and responsibilities. 		Effective GRM is in place
Regional and district level Tax Offices	<p>Enhance the integrity and capacity of regional and local tax authorities;</p> <p>Procure new PCs and other office equipment for regional divisions</p>	<p>These 78 offices service about 39,000 legal entities paying 14 different taxes and about 150,000 physical persons paying social security and one or several of the 10 other taxes.</p> <p>They follow the single window approach and offer taxpayer registration services at the local level.</p>	<ul style="list-style-type: none"> • Due to complexity of the tax legislation, demand for taxpayer services is high. Yet the level of taxpayer service is low. Since more than 75 percent of field tax offices have less than 20 employees, maintaining the required professional skills to satisfy growing taxpayers' demand for services is difficult; • About a third of the offices do not have their own premises and lack modern office equipment and technologies; • Technical capacity of staff is inadequate; and • Lack of analytical capacity and insufficient knowledge of modern computer technologies for analysis, audit and investigation of tax fraud. 	High	<p>Integration and enhancement of the automated information and analytical systems</p> <p>Digitalization of taxpayer services and taxation operations</p> <p>On-job training and mentoring opportunities</p> <p>Effective GRM is in place</p>
State Investments Committee and Immovable Property Management	<p>Improving the mechanisms for the exchange of information between state bodies and organizations;</p>	<p>Committee has the database on the state-owned real estate and often it is rented by private businesses.</p> <p>It also oversees the investment projects and maintains the database of foreign aid investments.</p>	<p>Real estate tax payment data mismatching against Real Estate Register data at the State Investment Committee</p>	Moderate	<p>Use of large-scale data-matching systems to detect inaccurate reporting between the state agencies.</p>

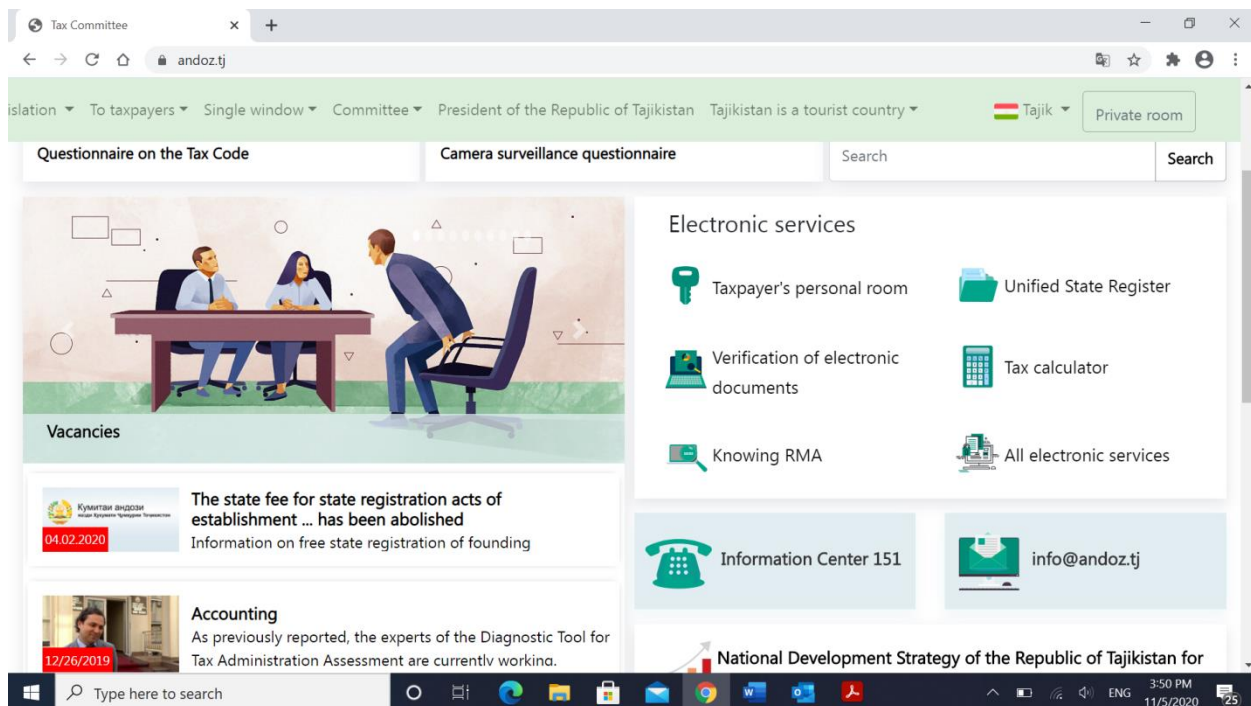
<p>State Procurement Agency</p>	<p>Enhance the institutional capacity of the TC in e-procurement of goods, services, and works for training centers and data centers</p> <p>Improving the mechanisms for the exchange of information between state bodies and organizations;</p>	<p>Controls over the implementation of state procurement of goods, services and works by the state organizations.</p> <p>Builds the capacity of state procurement staff.</p> <p>Conducts international tenders and monitors the compliance to the national legislation.</p>	<p>Low penetration of technologies and lack of digitization in rural areas;</p> <p>Low investment attractiveness of the sector;</p> <p>Insufficient number of procurement staff countrywide; and</p> <p>Maintains a separate registration database for national service and good providers.</p>	<p>Substantial</p>	<p>Preparation, disclosure and implementation of the Project Procurement Strategy for Development under the IPF component.</p> <p>Use of large-scale data-matching systems to detect inaccurate reporting between the state agencies.</p>
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ANNEX 5. COMPLAINTS HANDLING MECHANISM AT THE TAX COMMITTEE

The TC considers taxpayers/citizens' complaints and appeals in accordance with the *Law of Republic of Tajikistan on Appeals of Individuals and Legal Entities* (from July 23, 2016, № 1339) that contains legal provisions on established information channels for citizens to file their complaints, requests and grievances. Article 14 of the Law sets the timeframes for handling grievances, which is 15 days from the date of receipt that do not require additional study and research, and 30 days for the appeals that need additional investigations.

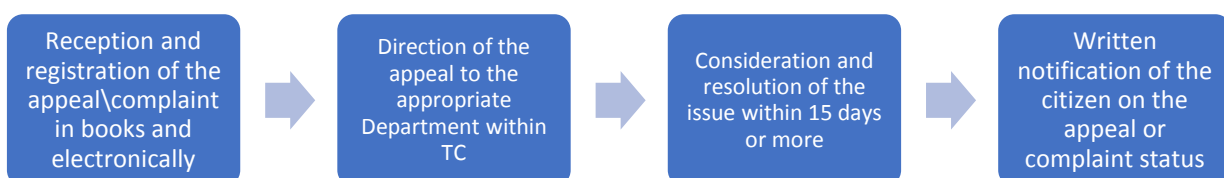
Citizens apply to the TC with their appeals and complaints in three ways:

1. Written applications
2. Electronic applications – through TC website <http://www.andoz.tj>; E-mail -info@andoz.tj
3. Through Call Center – 151, 152



Department for Organizing Document Flow and Office Work (former General Department) at the Tax Committee Headquarter in Dushanbe is responsible to accept citizen written appeals, register them in the separate Notebooks of statistical accounting of appeals of individuals and legal entities, and makes sure the customers' requests are addressed properly and in timely manner.

Briefly the process of the complaints considerations is indicated in the figure below:



Different appeals are being registered in the separate books and also electronically in the Electronic Document Flow Program that had been operating since 2014 internally within the TC headquarter only. In April 2020 the Electronic Program was upgraded and now all divisions of the Tax Committee Headquarter and Oblasts Tax Administrations have access to it. There are 7 specialists in the Department that are processing citizens appeals.

Below is the **contact person** directly responsible for receiving incoming letters and reverting back to citizens:

Shahnoza Yunusova
 Senior Specialist of Department for Organizing Document Flow and Office Work
 734018, 42/2 Negmat Karabaev str.
 Work phone #: 233-06-86
 Mobile phone #: 933309990

In case if the complainant does not come for an answer within 2 weeks, the Department sends the response to him/her by mail.

In 2020 total of 7082 appeals were received by the Department from legal entities and individuals. The taxpayers mainly request to decrease taxes or correct a mistake made when filling out tax documents through the TC website. Time for consideration of citizens' appeals depend on the raised issue, some issues may be solved immediately, others within 15-30 days. Responses to citizens' appeals are given in writing on TC letterhead with the outgoing number. If the raised issue is addressed it is being recorded in the book.

At province/oblast and districts levels there are no such departments for receiving applications from citizens and taxpayers, the designated specialists are responsible for this.

The table below indicates specialists responsible for registration and processing citizens and taxpayers appeals at Central and Oblast level:

	Name	Position	Contact #
Tax Committee Headquarter, Dushanbe			
<i>Department for Organizing Document Flow and Office Work</i>			
1.	Firuzahon Alieva	Head of Department	929800005
2.	Sailigul Odinaeva	Deputy Head	951450010
<i>Taxpayer Service Department</i>			
3.	Jamshed Nurmahmadiyon	Deputy Head	909071017, jshermatov7@mail.ru
4.	Mehrob Ismoilov	Head of Division on Information and Consideration of Electronic Appeals	987253333, Mehrob.3333@mail.ru
<i>Legal Support Department</i>			
5.	Bahriddin Nabiev	Head of Department	
Tax Administration in Dushanbe city			
	Shahnoz Hasanova	Leading Specialist	934171246
Tax Administration in GBAO			
	Nizora Muborakshoeva		501201992
Tax Administration in Khatlon Region			
	Bunavsha Zabiroya	Specialist	112252626
Tax Administration in Sughd Region			
	Saboat Rahimboeva	Chief Specialist	927463192

The Call Center was established under the Taxpayer Service Department of the Tax Committee in December 2017, with employees responsible for answering all incoming calls on issues related to the application and compliance with tax laws, as well as complaints about unlawful actions or inaction of tax officials.

The **TC' Division of Information and Consideration of Electronic Appeals** under the Taxpayers Service Department is responsible for processing **electronic appeals** from taxpayers through TC website at email:

info@andoz.tj. Electronic appeals are also being recorded. Appeals on official letterheads are forwarded to Department for Organizing Document' and Work Flow, the rest are forwarded to the First Deputy Chairman of the TC for further processing. Responses to electronic inquiries from individuals are provided within 3-5 days.

There is also a **chat** on the TC website, where the operators of **Call Center** immediately respond to citizens appeals. Seven operators of the TC headquarter **Call Center** answer general questions of taxpayers at contact number 151 and about the individual taxpayer contact number 152.

The table below indicates number of citizens' appeals (electronic, TC website chat, phone) received by TC Headquarter in the period of January -September 2020:

Table: Number of citizens' appeals received by the TC Headquarter during January -September 2020:

Type of appeal	# of appeals within January-September 2020
E-mail	640
TC website Chat	435
Calls to 151	20837
Calls to 152	2755

At the **province level**, there are following numbers for taxpayers to obtain information:

Region	Contact phone numbers
GBAO	20040
Sughd	909
Khatlon	

There is also **helpline at the TC Chairman office**: +992 372 233 09 05

If the taxpayer does not agree with the results of the tax audit, he can apply to the **Appeal Board** that was established in the Tax Committee based on Order # 77 of the TC Chairman, dated 11.03.2015, to facilitate transparent dispute resolution and increase taxpayers' trust in the process.

In addition to the above, citizens have an opportunity to meet directly with the leadership of the Tax Committee in accordance to the following schedule of citizens' personal reception:

	Official of TC	Day	Time of citizens reception
	Mr. Davlatzoda N., Chairman of TC	Wednesday, Saturday	from 9:00 to 12:00
	Mr. Solehzoda A., First Deputy Chairman	Monday	from 9:00 to 11:00
	Mr. Bakhtiyor Sulton, Deputy Chairman	Wednesday	from 9:00 to 11:00
	Mr. Rahimzoda A., Deputy Chairman	Thursday	from 9:00 to 11:00
	Mr. Melikzoda K., Deputy Chairman	Tuesday	from 9:00 to 11:00
	Mr. Malikzoda N, Deputy Chairman	Friday	from 9:00 to 11:00

ANNEX 6. A MULTI-STAKEHOLDER VIRTUAL DISCLOSURE WORKSHOP MINUTES

Date: Tuesday, January 24, 2020
Meeting held: Webex connection
Attendees: XX attendees from the following organizations:

The workshop participants included business associations, government representatives, civil society, private sector, international donor agencies, and representatives of nongovernment organizations.

Meeting purpose:

- Share the results of ESSA and evince a feedback.
- Deliberate on strength and weaknesses of the existing system and agencies responsible for managing environmental and social risks that may occur in the course of the Program implementation.
- Discuss and deliberate on the Program Action Plan meant to address the gaps in the national system to manage social and environmental risks.
- Improve coordination and partnership among stakeholders.

Topics of discussion:

Overall, the meeting welcomed the Program intervention and felt that the time is apt for such an intervention. The meeting expressed happiness on the Program's objective to open the doors for all sections of the society, business associations, mass media, private sector and international donor representatives. Key focus was on 'transparency of tax reform'. Keen interest was shown in knowing what avenues exist in the program for NGO participation. Ultimately, the meeting emphasized securing access to information in rural areas where there is low penetration of internet and e-services to be offered by the TC. Same time, several concerns were raised on efficacy of the TC offices in service delivery. Meeting recommended establishing taxpayer service centers in rural tax offices.

Some specific questions raised are listed below.

- **Benefits for vulnerable taxpayers.** *What types of benefits are proposed within the new TAX Code for vulnerable taxpayers? Will the trainings/educational activities be adjusted to/considerate of the needs of vulnerable groups? Is there a way of creating a rural tax education center at the district center? Will there be a dialogue platform based in rural areas to ensure transparency of the system?*
- **Is there any information campaign plans, information materials available which lists the program details?**
- **How the GRM structure is set and will be improved to meet the complainants expectations?**
- **What kind of assistances are available for input supplies and output marketing?**
- **What is the duration of the Program and when is it likely to start?**
- **Improvement of quality tax services.** *Implementation of ICT modules will require to enhance the ICT skills of both the tax administrators and taxpayers. What are the capacity building plans?*
- **Improvement of taxpayer outreach and education.** *Will all tax administrators go through trainings, since they will be serving the taxpayers in the front desks as firsthand advisors/consultants to the taxpayers?*

List of participants

Full Name	Position
Suyuhon Shodmonovich Rustamov	Head of the Tax Legislation Improvement Department, TC

Full Name	Position
Nazir Nazirzoda	Leading Specialist, Tax Legislation Improvement Department, TC
Firuza Alieva	Head of Department of Organizing Document Flow and Office Work, TC
Mavlono Ghafforiyon	Specialist of SUE tax administration programming center "Andoz TJ"
Mehrob Ismoilov	Head of Information and Consideration of electronic appeals Division, Taxpayer Service Department
Manizha Sayfiddinova	Head of International Cooperation Department, TC
Gulchehra Madaminova	Head of Planning and Analysis Sector, Financial Economic Department, TC
Sobir Vazirov	Head of Tax Legislation division, TC
Jamshed Nurmahmadiyon	Deputy Head of Taxpayers Service Department, TC
Nazriddin Aminov	Chief Accountant, Financial Economic Department, TC
	National Association of Small and Medium Business
	Association of Business Women of Tajikistan
	Association of Microfinance organizations
	Association of People with Disabilities
	NGO "Small Earth"