

## 2012 PEG BRIEF: TAJIKISTAN

### ECA PEG BRIEF SERIES

# Tajikistan: An Overview

Tajikistan is the poorest country in ECA while also having the most remittance-dependent economy in the world. While it recovers from the civil war that ended in 1997, it faces a number of other development challenges. Energy security and poverty are also areas of concern, as of 2009, the poverty rate was 47%. The main political economy drivers include the post-war recovery, centralization of authority and geopolitical forces. Governance indicators show while Tajikistan ranks below the ECA averages, improvements have been made in areas of corruption and the business environment. Tajikistan continues to face several governance challenges, including corruption, transparency and accountability, enhancement of capacity and developing demand for better governance. The World Bank Country Partnership Strategy in Tajikistan addresses some of these issues, particularly accountability and enhancing capacity through training and institutional reform projects.

This brief summarizes Tajikistan's performance on various governance indicators and summarizes recent developments in political economy along with a discussion of challenges identified by Bank Staff.



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### BASIC GOVERNANCE FACTS

#### Government Type:

Tajikistan holds periodic elections but is classified as a consolidated authoritarian regime by Freedom House and the EIU.<sup>1,2</sup> Power is centralized at the presidential level. The current president, Emomali Rahmon has been in power since 1994, and was re-elected to another 7-year term in November of 2006.

#### Administrative Divisions:

Tajikistan is a unitary state divided into 2 provinces and 1 autonomous province<sup>3</sup>. The regional government in Tajikistan is comprised of other smaller units: oblasts, cities, rayons and jamoats. three year terms<sup>4</sup>. However, regional governments have strong control over local governance.<sup>5</sup>

Each level of local governance has its own characteristics and coverage of responsibility. There are also Rayons of Republican Subordination which do not belong to oblasts but are directly subordinate to the central government. Jamoats, included in the rayons, are the lowest level of local government. These jamoats are self-governing and exist primarily in the rural areas and villages or settlements.

Table 1: Rankings for Key Governance Indicators  
(Lower ranks indicate better performance)

	EIU Democracy Index 2011 (of 167 countries)	Doing Business Index 2012 (of 183 countries)	Transparency International Corruption Perceptions Index 2011 (of 183 countries)	Heritage Foundation Index 2012 (of 179 countries)	WEF Global Competitiveness Index 2011 (of 142 countries)
<b>Tajikistan</b>	<b>151</b>	<b>147</b>	<b>152</b>	<b>129</b>	<b>105</b>
FSU-S Average	119.9	85.9	134.4	95.6	93.2
EU-25 Average	24.7	36.3	32.4	40.1	33.9
ECA Average	80.6	72.4	93.1	78.8	72.6

## SECTION 1: GOVERNANCE AT A GLANCE

**Constitution:** The Tajik Constitution was established November 6, 1994, and amended on June 30, 1999. The Amendments to the constitution adopted in 1999 included a change in the length of the electoral term of the President from 5 to 7 years. Amendments also included the creation of an upper house of Parliament (Majlisi Milli), changes in the powers of the President, and increased rights of citizens to associate, among others.

### **Executive Branch:**

**Head of State:** President Emomali Rahmon (since November 6, 1994; head of state and Supreme Assembly chairman since November 19, 1992).

**Presidential Elections:** The president is elected by popular vote for a seven-year term and is eligible for multiple terms. The last presidential election was held in November of 2006, the next is to be held in November 2013.

**Head of government:** The President is considered the head of government as well as head of state. The Prime Minister Oqil Oqilov has been in office since January 20, 1999. The prime minister is appointed by the president.

**Cabinet:** Council of Ministers appointed by the president, approved by the Supreme Assembly.

**Legislative Branch:** Tajikistan has a bicameral legislature, the Majlisi Oli or Supreme Assembly is comprised of an upper chamber Majlisi Milli and a lower chamber Majlisi Namoyandagon. The members of the upper house are appointed by the president, 25 members are selected by local deputies and one seat is reserved for the former president. The lower chamber representatives are chosen by the percentage of the vote each party garners. The last parliamentary elections took place in February of 2010, the next are to be held in February of 2014.

**Major Political Parties:** The primary political party is the People's Democratic Party (PDP) headed by President Emomali Rahmon.<sup>6</sup> The Islamic Renaissance party is seen as the primary opposition party in Tajikistan, and it is the only opposition party to have representation in the parliament.<sup>7</sup>

**Judicial Branch and Legal System:** Judges at the Supreme Court, Supreme Economic Court, and Constitutional Court are appointed by the president for ten year terms.

The Republic of Tajikistan is a small, landlocked country characterized by mountainous terrain. A low-income country, it is the poorest country in ECA measured by GDP per capita, and faces numerous challenges in terms of domestic politics, and external relationships with neighboring Russia, China, and Uzbekistan. This section provides an overview of governance indicators for Tajikistan.

### **Key Governance Indicators**

#### **• Democracy Index (EIU 2011) 151 out of 167**

The Democracy Index of the Economist Intelligence Unit measures democracy via five categories (electoral process and pluralism; civil liberties; functioning of government; political participation; and political culture). Tajikistan is considered an "authoritarian regime" by the EIU<sup>8</sup>. Authoritarian regimes per the EIU have characteristics including the absence of political pluralism, a disregard for civil liberties, and fundamental weaknesses of democratic institutions<sup>9</sup>.

#### **• Global Integrity Index (GI 2007) Overall Score 53 of 100**

This score corresponds to an overall rating of "very weak". Tajikistan earned a "moderate" score of 75 of 100 for its legal framework, but a "very weak" score of 33 of 100 for implementation<sup>10</sup>.

#### **• Government Accountability (GI 2007) 31 of 100**

This indicator captures executive, legislative, and judicial accountability, asset disclosure requirements, auditing practices, and checks and balances across branches of government. Tajikistan earns a "very weak" rating for this indicator due to an absence of checks and balances in the Tajik government structure. The judicial branch does not serve as a competent check and balance mechanism, as judges are appointed by the president.

#### **• Doing Business (2012) 147 of 183**

Tajikistan improved 5 rank positions from 2011, initiating reforms in the area of starting a business. Tajikistan also initiated reforms making it more difficult to get credit.<sup>11</sup> These reforms impacted the rankings on sub-indicators: Tajikistan improved 67 rank positions on starting a business. However, Tajikistan still faces barriers in the areas of getting electricity (ranking 178<sup>th</sup>), dealing with construction permits, getting credit, and trading across borders (ranking 177<sup>th</sup> on each.)<sup>12</sup>

#### **• ICRG Country Risk Ranking (2011) NA**

This indicator is not available for Tajikistan.

#### **• Transparency International Corruption Perceptions Index (2011) 152 of 180**

Tajikistan improved 2 positions in the ranking in 2011 as compared to 2010. Of ECA countries, Tajikistan ranks above

Kyrgyz Republic (164), Turkmenistan (177) and Uzbekistan (177).<sup>13</sup>

• **Freedom House Political Rights Index (2011) 6 out of 7**

This indicator measures political freedoms based on an evaluation of the electoral process, pluralism and functioning of government. Tajikistan is rated as “not free”.<sup>14</sup>

• **Heritage Foundation Economic Freedom Rank (2012) 129 of 179**

Tajikistan had an overall score of 53.4, which corresponds to a rating of “mostly unfree”. From the previous year, Tajikistan improved in the areas of business freedom, monetary freedom, labor freedom, freedom from corruption, and fiscal freedom while declining in government spending and property rights.<sup>15</sup>

• **Global Competitiveness Index (WEF 2011) 105 of 142**

The Global Competitiveness Index captures 113 indicators impacting economic development and competitiveness. In the global rankings, Tajikistan is 105<sup>th</sup>, below the ECA average ranking.

• **Global Competitiveness Index Institutions Pillar Rank (WEF 2011) 63 of 142**

This indicator captures aspects of the roles and quality of institutions on competitiveness and growth, including costs of corruption and bureaucracy. Tajikistan betters the ECA average rank of 84.

• **Quality of Public Administration (CPIA 2011) 3.0 out of 6**

Tajikistan scored 3.0 out of 6 in 2011. This indicator measures the extent to which central government staffs are structured to design and implement policy and deliver services effectively to its constituency.

• **Quality of Economic Policies (CPIA 2011) 3.5 out of 6**

This indicator is an average of indicators of macroeconomic management covering fiscal policy, debt policy, trade and the financial sector (CPIA questions 1-5).

• **Efficiency of Revenue Mobilization (CPIA 2011) 3.0 out of 6**

This indicator assesses the pattern of revenue mobilizations via tax policy and tax administration. The revenue structure for Tajikistan earns a mid-level grade from CPIA. Tax rates are relatively low; however, corruption in the tax administration reduces efficiency. It appears progress is being made through reforms, see BEEPS below.

• **Quality of Budgetary and Financial Management (CPIA 2011) 3.5 out of 6**

This measures the extent that a country has a comprehensive budget, and an effective financial management system with appropriate fiscal control, audited public accounts and accurate reporting. Tajikistan earned a mid-level grade on this indicator, and improved from 2009, when it scored a 3.0.

SUMMARY OF GOVERNANCE INDICATORS: <i>Tajikistan</i>	
Governance Indicator (source, year)	Score
Democracy Index (EIU 2011)	151 of 167
Global Integrity Index (2010)	NA
Government Accountability (GI 2010)	NA
Doing Business Rank (2012)	147 of 183
ICRG Country Risk Rating (2011)	NA
Transparency International Corruption Perceptions Index (2011)	152 of 183
Freedom House Political Rights Index (2011)	6 out of 7
Heritage Foundation Index Rank (2012)	129 of 179
Global Competitiveness Index (WEF 2011)	105 of 142
Global Competitiveness Index Institutions Pillar (WEF 2011)	63 of 142
Quality of Public Administration (CPIA 2011)	3.0 out of 6
Quality of Economic Policies (CPIA 2011)	3.5 out of 6
Efficiency of Revenue Mobilization (CPIA 2011)	3.0 out of 6
Quality of Budgetary and Financial Management (CPIA 2011)	3.5 out of 6
Transparency, Accountability and Corruption in the Public Sector (CPIA 2011)	2.5 out of 6
Bribe Frequency (BEEPS 2008)	20.3%
Bribe Frequency: Dealing with Taxes (BEEPS 2008)	23.5%
Bribe Frequency: Dealing with Customs (BEEPS 2008)	17.2%
Bribe Frequency: Dealing with Courts (BEEPS 2008)	13.3%
Rule of Law (WGI 2010)	11.4 out of 100
Voice and Accountability (WGI 2010)	10.0 out of 100
Political Stability (WGI 2010)	17.5 out of 100
Government Effectiveness (WGI 2010)	18.2 out of 100
Regulatory Quality (WGI 2010)	15.8 out of 100
Control of Corruption (WGI 2010)	8.6 out of 100
Statistical Capacity (2011)	72 out of 100

**•Transparency, Accountability, and Corruption in the Public Sector (CPIA 2011) 2.5 out of 6**

This indicator captures several facets that currently pose challenges to Tajikistan, including the limits on press freedom and access to information, opaque nature of decision making and limited accountability of government officials. Tajikistan improved on this indicator from 2.0 in 2010.

**• Bribe Frequency (BEEPS 2008) 20.3%**

Tajikistan exceeds the ECA average of 12.8% on this indicator, but experienced a 16% improvement over the 2005 value.

**• Bribes are Frequent in Dealing with Taxes (BEEPS 2008) 23.5%**

Tajikistan exceeds the ECA average of 8.6% on this indicator, but experienced a 43% improvement from 2005.

**• Bribes are Frequent in Dealing with Customs (BEEPS 2008) 17.2%**

Tajikistan exceeds the ECA average of 7.1% on this indicator, but experienced a slim improvement from 2005.

**• Bribes are Frequent in Dealing with Courts (BEEPS 2008) 13.3%**

Tajikistan exceeds the ECA average for bribery in the judiciary (6.0%), but results show a small improvement from the 2005 value.

**•Rule of Law (WGI 2010) 11.4 out of 100**

Tajikistan ranked in the 11th percentile on this indicator, below the ECA average of 47.1. This reflects limited confidence in the adherence to rules and laws, as well as limited separation of powers between the three branches of government.

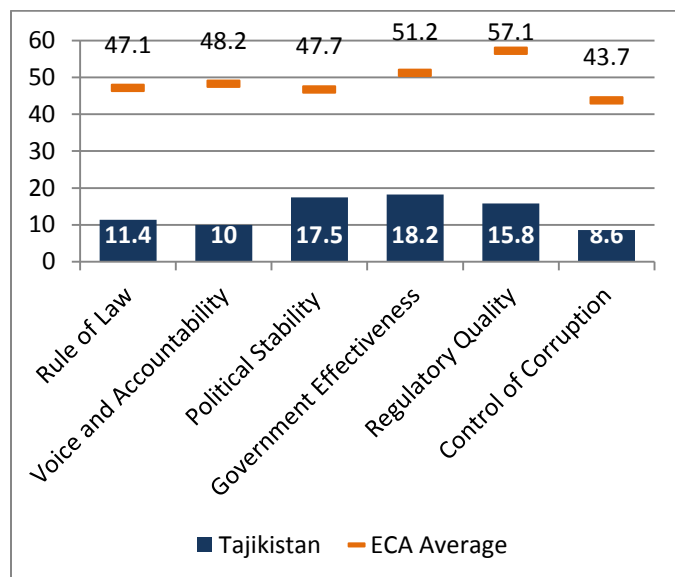
**•Voice and Accountability (WGI 2010) 10.0 out of 100**

Tajikistan ranks in the 10th percentile on Voice and Accountability, below the ECA average of 48.2. Few independent media outlets currently operate in Tajikistan, and there have been reports of government harassment of journalists, particularly those who are critical of the administration or voice opposition. Additional laws were put in place which requires journalists to pay for public information and to access officials for interviews.<sup>16</sup> Tajikistan ranked 115<sup>th</sup> of 178 countries on the 2010 Reporters without Borders Press Freedom Index.<sup>17</sup>

**•Political Stability (WGI 2010) 17.5 out of 100**

Tajikistan falls below the ECA average of 47.7 for this indicator, which captures the likelihood that the government may be destabilized by unconstitutional or violent means.

**Chart 1: World Governance Indicators (2010) Scores for Tajikistan (0-lowest, 100-highest)**



**•Government Effectiveness (WGI 2010) 18.2 out of 100**

This indicator captures perceptions of the quality of public services, civil service, policy formulation and implementation and credibility of the government's commitment to policies. Tajikistan's government structure is perceived as being ineffective in addressing some of the main issues troubling the country including poverty, high unemployment, food supply, and infrastructure-related issues<sup>18</sup>. On this indicator, Tajikistan falls below the ECA average of 51.2.

**•Regulatory Quality (WGI 2010) 15.8 out of 100**

This indicator captures perceptions of the government's ability to formulate and implement regulations that promote private sector development. Tajikistan falls below the ECA average of 57.1. Tajikistan has taken additional steps to improve private sector development; however, has work to do to catch up to other countries in ECA.

**• Control of Corruption (WGI 2010): 8.6 out of 100**

Tajikistan only ranked in the 8<sup>th</sup> percentile for control of corruption, lower than ECA average of 43.7. Corruption is common in Tajikistan in many contexts as noted by the Economist Intelligence Unit and other sources. The opaque nature of the government structures and procedures fosters corruption.

**•Statistical Capacity (2011) 72 out of 100**

Tajikistan falls below the ECA average of 81 for this indicator.

**Summary**

The indicators above highlight a number of opportunities for governance improvements in Tajikistan. These include improving service delivery, enhancing the business environment, combating corruption, and improving political stability and rule of law. (See Section 3).

While Tajikistan has taken steps to improve the business climate; they have not been substantial enough to raise the indicator values to the average level of the ECA region. Despite making reforms in starting a business, overall Tajikistan has considerable work to do in order to foster business growth. While the indicators may reflect other countries making greater advancements, they also indicate limited reform progress.

Corruption indicators show progress. Tajikistan improved on the Transparency International Corruption Perceptions Index and on the Heritage Foundation Freedom from Corruption indicator. In addition, despite being above the ECA averages, the 2008 BEEPS show Tajikistan experienced a significant decrease in bribe frequency from 2005. Further efforts to improve the regulatory framework and continue public administration reforms are needed in Tajikistan.

## SECTION 2: POLITICAL ECONOMY BACKGROUND

There are several key political economy drivers in Tajikistan which help shape economic outcomes. These include: geopolitical forces; the post-civil war recovery; centralization of authority, and migration and remittances. This section provides a brief background of these issues and describes some of the implications of these challenges.

### **Background**

Tajikistan is the poorest country in ECA, in terms of GDP per capita (US\$820 in 2010<sup>19</sup>). In 2009, the poverty rate was 47 percent of the population.<sup>20</sup> The key economic sectors in Tajikistan are services, agriculture, industry and construction. Services are the largest component of the economy, accounting for nearly 60% of GDP.<sup>21</sup> Agriculture accounts for nearly 20% of GDP.<sup>22</sup> Although the landlocked country faces barriers in import/export, primary exports are cotton, aluminum, and electricity. Tajikistan is also reliant on imports from Russia, China, Kazakhstan, Uzbekistan and Azerbaijan.

Energy security is a major concern for Tajikistan. Despite great potential for hydroelectric energy production, Tajikistan remains a net energy importer. There are a number of obstacles to overcoming the winter energy shortfall that required concerted Government attention and improved regional cooperation. Failure to resolve the crisis may lead to further social unrest.

### **Geo-Political Relations**

The geographic location of Tajikistan, bordering Afghanistan, China, Russia, and Uzbekistan places Tajikistan in a position of both opportunity and risk. Tajikistan is seen as a gatekeeper for peace and stability in Central Asia by China, Russia, the European Union and the United States. These relationships affect policy decisions and economic stability, as well as provide opportunities for development.

The strongest geopolitical relationships include those with Russia, China, Iran, and increasingly, Turkey. Russia provides Tajikistan with necessary military security, as well as opportunities for migrant workers. At times, however, this relationship has been strained, as Russia has threatened to close its borders to Tajik workers.<sup>23</sup> China has been a leading source of financing of large scale infrastructure projects in Tajikistan. Infrastructure and roads are in disrepair as they are the remains of the old Soviet system. Due to the mountainous terrain, rebuilding roads and transport becomes even more costly, and the funds from China have afforded new opportunities for import/export across the Tajik border.<sup>24</sup>

A more tenuous relationship exists between Tajikistan and Afghanistan. Tajikistan shares its longest border with Afghanistan, which poses threats to security and provides opportunity for increased drug trafficking. The potential for militant organizations and Islamic terrorist sects to penetrate the border also prompted ongoing border security assistance by the United States, Russia, and European Union.

Relations with Uzbekistan are tense, as Uzbekistan is concerned about Tajikistan's plans to develop hydropower, particularly the proposed Rogun HPP, which Uzbekistan views as a threat to downstream irrigation. There has been a growing conflict between these countries over payment for water supplies and misuse of water resources. The conflict has led to rail border closings in 2010 and in 2012. Currently, Fifteen out of seventeen crossing points are closed by Uzbekistan. Per outside sources, although relations are strained, they remain peaceful.<sup>25</sup>

### **Post-Civil War Recovery and Decentralization**

Tajikistan continues to recover from the civil war that ended in 1997. The war between the Moscow-backed government and a number of opposition groups began less than a year after Tajikistan declared its independence. The largest opposition group was that of the Islamic Renaissance Party, but other groups were supported by the regions. The war had a tremendous impact on Tajikistan's economic and government structure as well as administrative operations. The war resulted in a major loss of life and led to displacement of Tajiks, 60,000 of whom fled to Afghanistan for safety.

This displacement of citizens and workers had a major effect on the economy of Tajikistan, the effects of which continue to be felt today. In addition, the Government has progressively consolidated its authority through constitutional amendments and military actions, leading to dominance of the President's party. Nevertheless, the Government is seeking technical assistance from outside organizations for improvements in law, governance, and administration.

The interrelationships between the national, subnational, and local government levels have been a primary area of interest

and reform by donors and external stakeholders. One of the goals of reforming these relationships is the decentralization of government, with the assumption that it will provide greater autonomy to the regions, reduce corruption, increase transparency and accountability, and greater efficiency and effectiveness.

Because of the power structure and centralized authority, dissent and opposition is limited which can hinder reform implementation, as it may reduce demand or incentives for reform. With the president responsible for many appointments, officials opposed to administration or policy decisions can be and are replaced, which exacerbates political divisions. Given the structure of the government and opacity of decision-making, it is often difficult to discern the primary sources of pressure and influence.

The structure of regional governments remaining from the Soviet era focus on “clan” power, not formal institutions, and the power of the clan arguably determines negotiations. The idea of decentralization of regional and local government systems is not fully embraced by the executive branch, and the current arrangements on revenue-sharing between the national and subnational structures encourages bargaining, further undermining the scope of governance reforms.<sup>26</sup> While the political leadership considers some aspects of reforms as positive and desirable, while areas of the country are controlled by remnants of the civil war opposition, leadership will remain very cautious about a potential delegation of power that could change the political landscape.

#### **Migration and Remittances**

Russia and Kazakhstan provide opportunities for migrant workers within its borders, and Tajikistan is the most remittance-dependent country in the world, with 40% of GDP coming from remittances in 2010<sup>27</sup>. There are mutual incentives to keep a constructive relationship with Russia. After the civil war, more workers went abroad in order to seek greater economic opportunity, and have predominantly remained in Russia and more recently in Kazakhstan. However, the recent financial crisis demonstrated the vulnerability of remittance inflow into Tajikistan.

As the nation initiates structural reforms following recovery from both the civil war and financial crisis, these aspects require attention. The geopolitical relationships with Russia and China provide economic opportunities if they continue to strengthen. The relationship with Russia is of particular importance in terms of security and employment. If Russia imposes barriers to Tajik migrant workers, remittance flows may continue to decrease. The assistance from China in the areas of infrastructure may provide better opportunities for import/export.

The primary area of concern is the linkage between centralization of authority and the lack of full fiscal and

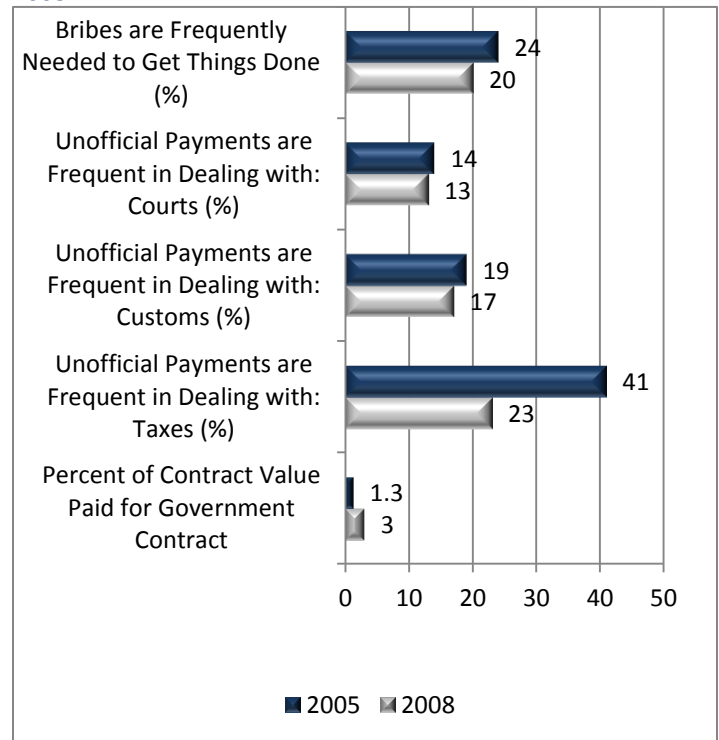
financial transparency, which poses many governance challenges that are discussed in the next section.

### **SECTION 3: KEY GOVERNANCE CHALLENGES**

Strengthening governance is necessary to improve the economic conditions of the country. The key challenges facing Tajikistan are corruption, transparency and accountability, and enhancement of administrative capacity, as well as developing demand for better governance and increasing public participation.

**Corruption** remains a key issue in Tajikistan per the Economist Intelligence Unit reports<sup>28</sup>, Freedom House and BEEPS, and is fostered by institutional arrangements. Per the 2008 BEEPS, corruption is seen as the number two obstacle to doing business in Tajikistan, just behind tax rates. These are correlated, as more firms in Tajikistan report unofficial payments are made for taxes more often than other purposes such as customs and dealing with the courts. See Chart 2.

**Chart 2: BEEPS Corruption Indicators for Tajikistan 2005-2008**



Tajik firms also have the highest ratio of informal payments to annual sales in the ECA region: of those firms reporting payments, the payments averaged 11.3 percent of annual sales. This is over double the FSU and ECA region averages of 5.8 percent and 5.3 percent respectively<sup>29</sup>. The prevalence of unofficial payments decreased from 2005 to 2008 in most areas with the exception of unofficial payments for government contracts. There are many new investments

particularly aimed at transport and infrastructure projects, and the prevalence of institutional bribery makes procurement an area vulnerable for corrupt activity. However, there is government interest in reform of public procurement, including the implementation of e-procurement systems.

Energy utilities are also prone to corrupt behavior. Firms in Tajikistan report informal payments were requested for 26 percent of new electrical connection applications. Over 50% of firms surveyed in BEEPS stated that electricity is a major or very severe obstacle to doing business.<sup>27</sup>

**Administrative and human capacity** limitations are extensions of this problem. The civil service is in need of greater professional expertise, technical knowledge and educated officials in the middle and upper management of public administration. Educational capacity is lacking and premiums are placed on those with qualifications from foreign institutions. There has been a shift in the demand for better educated professionals in the civil service; however, the generally low wages offered by the civil service often drive these professionals into more lucrative positions in the private sector or international agencies. Outside organizations have undertaken several programs to increase human capacity through educational and training programs. This training may foster organizational changes, which may increase buy in for training programs further up the chain. Stakeholder groups have focused their training at local levels, as there is higher demand and a smaller amount of resistance to change at these levels. By increasing capacity at the local levels, service provision has improved, and these incremental changes may pave the way for decentralization in the future.

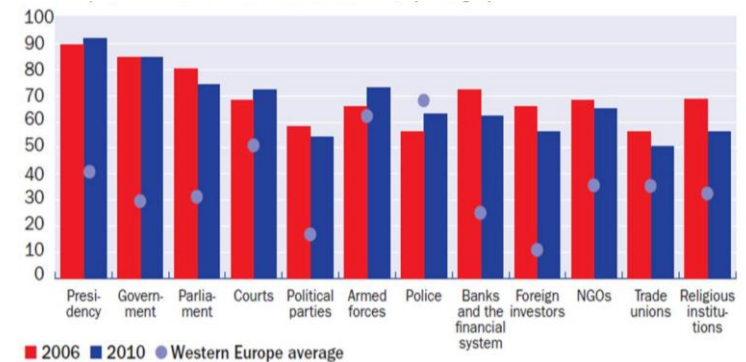
The limits in human capacity not only pose a challenge to the development of a professional bureaucracy, but also overall economic development. Increasing access and quality of education and skills development is a growing priority for Tajikistan. Tajik firms note the availability of qualified workers in terms of skills and education as a problem, 54% of firms identified this as a moderate, major, or severe problem doing business in 2008.<sup>30</sup> Training in the private sector is not prevalent: the percentage of Tajik firms offering training for their workers is far below the ECA average per the 2008 BEEPS.

**Accountability** in terms of budgeting, allocation, and reporting on utilization of budget funds is an area targeted for reform. This is closely tied to lack of transparency in policy and decision-making in fiscal processes, but also to technical limitations. Local governments do not have the technical and technological capacity to streamline budget processes. Local governments continue to rely on non-computerized systems, and relay information often by phone to the larger budget offices. This antiquated system increases the potential for errors in reporting and limits the ability to check for data accuracy and quality. Improvements in technology are

necessary to link the budgetary system across all levels of government. By introducing new technologies and processes, accountability could be improved and spending could be better monitored. However, this is one piece of the accountability puzzle. Tajikistan also could benefit from implementation of basic building blocks of public finance and reforms to the treasury systems, and adoption and adherence to clear fiscal rules.

Despite the limitations in accountability, **public trust** remains relatively high in Tajikistan, per the Life in Transition Survey, with the presidency, government, and parliament enjoying the largest shares. See Chart 3. The data from the 2006 and 2010 LITS show that trust in the presidency had increased over time, as well as courts, armed forces, and the police. Trust in political parties, banks, foreign investors, NGOs, trade unions and religious institutions declined over the same period. However, with the exception of trust in the police, Tajikistan exceeds the Western European average of all the trust indicators.

**Chart 3: LITS Trust Indicators for Tajikistan 2006-2010**  
(percentage of respondents who have trust in institutions by category)



**Public participation** in governance and policy is lacking in Tajikistan, however, there is a growing demand for good governance. By fostering greater demand for accountability and transparency, reform efforts may be more successful. In order for citizens to become more informed, they need access to quality information. This access is affected by the capacity and skills of the media. Currently the media and news outlets for Tajikistan are informally limited by government. There are few independent television and radio stations operating in Tajikistan, and many journalists self-censor<sup>31</sup>. Taken in tandem, censorship and limited access of the media to government compound the problem of public participation. However, improving access to information and informing the public of their rights to information has been an area of activity by civil society and other actors. Increased access to the internet has led to greater societal participation in disseminating information through blogs and other outlets. In addition, government is improving access to information through its own websites, publishing data on the budget, audited financial statements, and other information.

## SECTION 4: WORLD BANK STRATEGY AND ACTIVITIES

The World Bank's engagement is supported by the Country Partnership Strategy (CPS) for 2010-2013, extended by the CPS Progress Report to 2014. The objectives of the CPS are two-fold: (i) *reducing the negative impact of the crisis on poverty and vulnerability*; and (ii) *paving the way for post-crisis recovery and sustained development*. Activities focus on strengthening the business environment and access to finance, boosting agricultural productivity, improving the reliability of electricity and water supply, expanding the country's energy production and export potential, and enhancing human capital through higher-quality education and health services.

The CPS includes efforts to improve governance in the context of the Country Governance and Anti-Corruption (CGAC) strategy. Weak governance is identified in the CAS as a major constraint on development<sup>32</sup>. Within the CGAC strategy, three forms of governance interventions are underway: measures for transparency and accountability; capacity development, and supporting demand for good governance. Enhancing governance is an expected externality of many of the anticipated results, via increased transparency in public financial management; strengthening the quality of public services, and incorporating political economy assessments into operations.

The **Mainstreaming Governance in Tajikistan Country program** (Governance Partnership Facility Grant) aims to help ease the governance constraint on development in Tajikistan through interventions at the country, sector, and project level. The program includes multiple components, which include activities to gather and analyze information such as the **Governance Data Platform** and the **Implementation of a Governance Checklist** which includes political economy analyses. Other components such as the **Transparency and Accountability Measures and Activities in Sectors and Budget Processes** target improvements in budget information transparency and accountability, and sectoral interventions in energy, agriculture, and PSD. The **Client Capacity Development** and **Fostering Demand for Good Governance** components support capacity building. The **Parliamentary Oversight of Public Finance Support** component aims to work with members of Parliament and Budget Committee staff to build understanding and capacity to fulfill Parliament's independent role in approving budgets and reviewing expenditure.

The **Public Sector Reform Project (PSRP)** closed in 2011, assisted the Tajikistan Government in implementing its Public Administration Reform Strategy (PARS). Five project components focused on civil service management (highlighting merit-based human resource management, including incentive systems and training); public administration reform, focusing on policy planning and

coordination; budget management; regulatory management, and monitoring of reform implementation. Salary increases for civil servants, recommended by the project, went into effect in September 2012.

The **Tajikistan Institutional Governance Review (IGR)** focuses on national-subnational relations, as they affect the development outcomes in key sectors: energy, rural development, and provision of social services. The report addresses both the formal (de jure) fiscal and institutional relationships among different levels of governments, and the informal (de facto) arrangements, bargaining process, power balance, and the overlay of formal local governments with traditional societal structures, as they affect service provision at the local level. The report analyzes the governance constraints that impact development in key sectors and formulates recommendations, particularly in public financial management, to ease these constraints.

The **Public Financial Management Modernization Project (PFMMP)** aims to improve the effectiveness and transparency of public financial management in Tajikistan. The project goals focus on management of public expenditures and the development of institutional capacity to implement and sustain an automated financial management information system. Currently, the budget execution is decentralized into the 73 districts. The budgets are prepared manually, which poses problems with reliability and coding of budget information, as well as relaying information back to the central budget office. The lack of telecommunications and internet access forces districts to relay budget information by phone. This project addresses the core foundations of a modern public finance system, including Unified Chart of Accounts, budget classification, and Treasury functions that are central to improving accountability and transparency challenges currently facing the nation.

The **Tajikistan Programmatic Development Policy Grant (PDPG-4-6)** are a series of development grants to support policy reforms to protect the delivery of essential social services, further develop the private sector and strengthen government effectiveness. Service-related issues include improving targeting and efficiency of social spending, and activities in health and education sectors. Private sector development activities include those to restrict introduction of new permits and new laws on bankruptcy law for credit institutions as well as a draft National Bank of Tajikistan law consistent with IMF advice. To enhance government effectiveness, the series supported continued implementation of financial management improvement plans for Barki Tajik and Tajiktransgas.

Enhancing capacity and reducing poverty are also targets of the **Tajikistan Social Safety Net Strengthening Project**. It aims to improve the capacity of the Government of Tajikistan to plan, monitor, and manage social assistance for the poor through the development of a national registry of social



protection and the provision of training, equipment and related items for improving capacity. It would establish a National Registry for Social Protection, train government personnel and build other kinds of capacity to operate and sustain the National Registry for Social Protection, and support project management.

The Tajikistan **Strengthening the National Statistical System** concluded successfully in 2012. A second phase is under preparation that will continue to increase the efficiency and effectiveness of the national statistical system. The project includes activities to strengthen institutional capacity and human capacity through human resource development, improve the infrastructure and equipment for data collection and management including information technology hardware and software programs, and adaptation to international standards of data collection, compilation and validation.

The **Tajikistan Municipal Infrastructure Development Project**, recently extended with additional financing, increases basic services for repair and rehabilitation of communal services infrastructure provided by Khochagii Manziliu Kommunalali (KMK) and local utility companies. Based on a decentralization strategy and preparation of a Communal Services Development Fund, it will scale up access to finance and improvement of management capacity for service delivery throughout the country.

The **Tajikistan Grant for Strengthening Results-Based Monitoring and Evaluation for Better Migration Management (IDF grant)** contributes to the overall improvement of national planning and decision making in the area of labor migration management. The objective of the IDF grant is to help create an operational results-based monitoring and evaluation (M&E) system. It includes components to strengthen existing systems, build capacity for M&E activities, and enhance participation of Civil Society partners in M&E in migration.

Additionally, there are many sector-based projects focusing on energy, agriculture, education, and health. In the area of energy, the **Energy Emergency Recovery Assistance Project** aims to increase the amount of and reliability of the national energy supply, with special attention paid to the winter season. The energy crisis of 2008 pushed energy supply and security to the forefront. This project aims to enhance capacity and provide preventative measures by enabling better reservoir management at Nurek reservoir to assist in prevention of future crises. This project works in tandem with the **Energy Emergency Mitigation Action Plan (EEMAP)**. These projects focus on increasing energy supply (particularly thermal and heat energy) in a short timeframe through technical and institutional measures, including policy and technical advice. Additional energy infrastructure support is provided through the **Energy Loss Reduction Project**, which seeks to assist in reducing the commercial losses in the electricity and gas systems, and to take steps to improve

financial viability of utilities. Project components focus on electricity and gas utilities, and include replacement and installation of new electrical and gas meters, new billing systems (including IT installation and support) and policy advice on tariff and social protection policies.

The **Tajikistan Land Registration and Cadastre System Project** aims to expand farmland restructuring to enable more rural people to become independent farmers and take management decisions in response to market forces. The project focuses on the expansion of land use rights as well as capacity building. It also supports efforts to establish spatial databases, strengthen policy development, and provide information for farmers among other activities.

Enhancing agriculture, particularly cotton is the focus of the **Tajikistan Cotton Sector Recovery Project**. It aims to assist the Government of Tajikistan to resolve the cotton debt crisis and rejuvenate the cotton sector through debt resolution, an improved policy environment, and increased cotton output and profitability. The objective is to create the conditions for sustainable growth of cotton production in low income areas of Tajikistan through an improved policy environment and better access to finance.

Other governance and administrative projects are in the pipeline. For more information on new projects and status of those presented here, visit the Tajikistan Projects page.

## NOTES:

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<sup>1</sup> Schkolnikov, V. 2009. "Nations in Transit 2009: Democracy's Dark Year". Freedom House. Available from: <http://www.freedomhouse.org/uploads/nit/2009/Overview-WEB.pdf>. Accessed February 24, 2010.

<sup>2</sup> Economist Intelligence Unit. 2008. "Tajikistan Country Profile 2008". Available from [http://www.eiu.com/report\\_dl.asp?issue\\_id=663450251&mode=pdf](http://www.eiu.com/report_dl.asp?issue_id=663450251&mode=pdf)

<sup>3</sup> The provinces are: Viloyati Khatlon (Qurghonteppe), Viloyati Mukhtori Kuhistoni Badakhshon [Gorno-Badakhshan] (Khorugh), Viloyati Sughd (Khujand)

<sup>4</sup> Freedom House Nations in Transit 2010: Armenia p.77

<sup>5</sup> Freedom House Nations in Transit 2010: Armenia p.77

<sup>6</sup> Other parties include the Party of Economic Reforms (PER), the Agrarian Party, the Social Democratic Party, the Communist Party, the Socialist Party, and the Democratic Party.

<sup>7</sup> Economist Intelligence Unit, 2008. Tajikistan Country Profile 2008, p.6. Available from [http://www.eiu.com/report\\_dl.asp?issue\\_id=663450251&mode=pdf](http://www.eiu.com/report_dl.asp?issue_id=663450251&mode=pdf)

<sup>8</sup> Economist Intelligence Unit, 2011. "The Economist Intelligence Unit's Index of Democracy". Available from:

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[http://www.sida.se/Global/About%20Sida/S%C3%A5%20arbetar%20vi/EIU\\_Democracy\\_Index\\_Dec2011.pdf](http://www.sida.se/Global/About%20Sida/S%C3%A5%20arbetar%20vi/EIU_Democracy_Index_Dec2011.pdf)

<sup>9</sup> Economist Intelligence Unit, 2011. "The Economist Intelligence Unit's Index of Democracy". Available from: [http://www.sida.se/Global/About%20Sida/S%C3%A5%20arbetar%20vi/EIU\\_Democracy\\_Index\\_Dec2011.pdf](http://www.sida.se/Global/About%20Sida/S%C3%A5%20arbetar%20vi/EIU_Democracy_Index_Dec2011.pdf)

<sup>10</sup> Global Integrity Report Scorecard Russia 2010 <http://www.globalintegrity.org/report/Russian-Federation/2010/scorecard>

<sup>11</sup> Doing Business: Business Reforms in Tajikistan <http://www.doingbusiness.org/reforms/overview/economy/tajikistan>

<sup>12</sup> Doing Business in Tajikistan <http://www.doingbusiness.org/data/exploreconomies/tajikistan>

<sup>13</sup> Transparency International Corruption Perceptions Index 2011. <http://cpi.transparency.org/cpi2011/results/>

<sup>14</sup> Freedom House. Freedom in the World 2010: Erosion of Freedom Intensifies. [http://www.freedomhouse.org/uploads/fiw10/FIW\\_2010\\_Tables\\_and\\_Graphs.pdf](http://www.freedomhouse.org/uploads/fiw10/FIW_2010_Tables_and_Graphs.pdf)

<sup>15</sup> Heritage Foundation 2012 Index of Economic Freedom. <http://www.heritage.org/index/country/tajikistan>

<sup>16</sup> Economist Intelligence Unit, 2010. Tajikistan Country Report 2010, p.16.

<sup>17</sup> Reporters Without Borders Press Freedom Index 2010. <http://en.rsf.org/press-freedom-index-2010,1034.html>

<sup>18</sup> Economist Intelligence Unit, 2009. Tajikistan Country Report December 2009, p.9.

<sup>19</sup> World Bank Data, 2010

<sup>20</sup> World Bank Data, 2009

<sup>21</sup> CIA World Factbook 2011 [https://www.cia.gov/library/publications/the-world-factbook/geos/countrytemplate\\_tj.html](https://www.cia.gov/library/publications/the-world-factbook/geos/countrytemplate_tj.html)

<sup>22</sup> CIA World Factbook 2011 [https://www.cia.gov/library/publications/the-world-factbook/geos/countrytemplate\\_tj.html](https://www.cia.gov/library/publications/the-world-factbook/geos/countrytemplate_tj.html)

<sup>23</sup> Economist Intelligence Unit, 2008. Tajikistan Country Profile 2008, p.10. Available from: [http://www.eiu.com/report\\_dl.asp?issue\\_id=663450251&mode=pdf](http://www.eiu.com/report_dl.asp?issue_id=663450251&mode=pdf)

<sup>24</sup> Economist Intelligence Unit, 2008. Tajikistan Country Profile 2008, p.10.

<sup>25</sup> United States Department of State, Background note on Tajikistan, 2012. Available from: <http://www.state.gov/r/pa/ei/bgn/5775.htm>

<sup>26</sup> Tajikistan Country Partnership Strategy, 2010-2013 p.9

<sup>27</sup> IMF Balance of Payments, World Development Indicators 2011.

<sup>28</sup> Economist Intelligence Unit, 2008. Tajikistan Country Profile 2008, p.12. [http://www.eiu.com/report\\_dl.asp?issue\\_id=663450251&mode=pdf](http://www.eiu.com/report_dl.asp?issue_id=663450251&mode=pdf)

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<sup>29</sup> BEEPS At-A-Glance 2008 Cross Country Report (2010). [http://intresources.worldbank.org/INTECAREGTOPANTCOR/Resources/Cross\\_Country\\_Report\\_2010.pdf](http://intresources.worldbank.org/INTECAREGTOPANTCOR/Resources/Cross_Country_Report_2010.pdf)

<sup>30</sup> BEEPS At-A-Glance 2008 Cross Country Report (2010). [http://intresources.worldbank.org/INTECAREGTOPANTCOR/Resources/Cross\\_Country\\_Report\\_2010.pdf](http://intresources.worldbank.org/INTECAREGTOPANTCOR/Resources/Cross_Country_Report_2010.pdf)

<sup>31</sup> Economist Intelligence Unit, 2008. Tajikistan Country Profile 2008, p.8. [http://www.eiu.com/report\\_dl.asp?issue\\_id=663450251&mode=pdf](http://www.eiu.com/report_dl.asp?issue_id=663450251&mode=pdf)

<sup>32</sup> Tajikistan Country Partnership Strategy, 2010-2013: p.9