

<b>1. CAS Data</b>	
<b>Country:</b> Tajikistan	
<b>CAS Year:</b> FY 2006	<b>CAS Period:</b> FY2006 – FY2009
<b>CASCR Review Period:</b> FY 2006 – FY2009	<b>Date of this review:</b>
<b>2. Executive Summary</b>	
<p>i. The Tajikistan Country Partnership Strategy (CPS) and its Progress Report (CPSPR) reflected a joint strategy between the IDA and the IFC. This review of the CASCR covers the IDA-related aspects and is evaluated by the IEG-WB. The IFC-related aspect of the CPS and the CPSPR are not being reviewed by IEG-IFC, as Tajikistan is not currently one of its major four countries.</p> <p>ii. The IEG-WB review of the CPSPR is based <i>inter alia</i> on a visit to the Tajikistan by the evaluator and an IEG consultant, for a period of ten days in March 2009. During the visit, the evaluator and the consultant met with Bank staff, as well as with government officials, donors, implementation teams, local beneficiaries and academia. The information gathered in the visit is reflected in this review.</p> <p>iii. This review examines the implementation of the FY 2006-2009 CPS and CPSPR and assesses the FY09 CASCR (CPSPR). In support of Tajikistan's PRSP, the strategy focused on three pillars: (a) improving business opportunities in rural and urban areas; (b) preserving and enhancing the quality of health and education; and (c) improving the delivery of energy services and exploiting the country's hydropower potential. The strategy had as a cross-cutting theme strengthening the state's institutional capacity to improve governance and reduce corruption. IDA's strategy was realistic, relevant, and consistent with the government's priorities as outlined in its PRSP. It supported these objectives by providing US\$123 million in IDA credits and grants through 15 operations and complementary AAA.</p> <p>iv. Progress in improving the business opportunities in rural and urban areas was <i>moderately unsatisfactory</i>. Legislative improvements were followed by poor implementation, resulting in little improvement in the business environment during the CPS period. Implementation weaknesses have been particularly noticeable in land titling and in resolving still outstanding debt issues of cotton farmers. In addition, the modest improvements in access to finance and competitiveness of the cotton sector were not enough to bring about the needed improvements in private sector development and employment.</p> <p>v. Efforts to preserve and enhance the quality of health and education led to results that were <i>moderately satisfactory</i>. In health, progress was made to make the sector financially sustainable and to increase access to primary health care while improving service quality. In education, needs-based per capita funding of schools spread widely and teacher compensation and promotion systems improved. Enrollment and completion rates rose and some teachers received training. The number of beneficiaries from social services exceeded expectations.</p> <p>vi. The outcome in improving the delivery of energy services and exploiting the country's hydropower potential was <i>moderately satisfactory</i>. Although there is a considerable way to go before improved delivery of energy and municipal services is reached, substantial progress was made towards achieving the interim objective of financial viability by raising tariffs, improving collections and reducing losses. Also, foundations were laid for future exports of electricity.</p> <p>vii. Progress in improving the state's institutional capacity to improve governance is rated <i>moderately unsatisfactory</i>. Implementation of reforms has been slow and partial in all areas, including organization changes, civil service reform, budgeting and governance.</p>	

<b>CASCR Reviewed by:</b>	<b>Peer Reviewed by:</b>	<b>CASCR Review Coordinator</b>
Dusan Vujovic Lead Economist, IEGCR	Jorge Garcia-Garcia Consultant, IEGCR	Jaime Jaramillo-Vallejo Lead Economist, IEGCR

- viii. In rating the overall outcome, IEG recognizes recent improvements in business environment but gives more weight to continued unsatisfactory performance of the private sector development because of its prominence in the IDA program and its critical importance for Tajikistan's future growth and social stability, especially in view of the global crisis' impending impact on the country. IEG thus, rates the overall outcome of the Bank's support to Tajikistan as *moderately unsatisfactory*.
- ix. Bank performance is also rated *moderately unsatisfactory*. IDA had a relevant and realistic strategy, and exhibited flexibility in adjusting its lending program and in leveraging its operations with other development partners in response to numerous exogenous shocks. Project implementation and supervision, however, were ineffective or slow in several critical areas, and coordination with other development partners fell short of expectations in promoting key policy reforms and improved governance. IEG does, however, recognize the extraordinary efforts of the Bank team to respond to adverse developments in the Country since early 2009.
- x. IEG agrees with the findings of the CASCR, especially the focus on improving project implementation. In addition, IEG finds that Washington staff could contribute more to coordination among development partners and improved dialogue with government officials on key reform and governance issues.

### 3. CASCR Summary

#### **Overview of CAS Relevance:**

1. When the CPS was formulated in 2005, Tajikistan's macroeconomic and growth performance was impressive, especially its impact on reducing poverty, because the economy was recovering from years of civil strife. Eventually the country started to face longer-term structural constraints and challenges, stemming mostly from its poor transport links, both internal and external. In becoming an independent country, Tajikistan has had to face the internal divisions and the complex political economy resulting from the civil war in the post-Soviet union period. Central to the peace process were a number of agreements that limited progress in governance and constrained institutional development, especially in the aluminum and cotton sectors. In addition, with a very high share of young people (about 40 percent of the population was under the age of 15 in 2004), the pressure on social services has been considerable. While seasonal migration of labor to Russia and Kazakhstan created an opportunity to reduce poverty in the country, it also made Tajikistan vulnerable to downturns in those economies.
2. The government's strategic vision for development was set out in its Poverty Reduction and Strategy Paper (PRSP) for 2002-2005, which had four primary objectives: (i) encourage equitable, labor-intensive economic growth with an emphasis on exports; (ii) support the efficient and fair provision of basic social services; (iii) provide targeted support to the poorest groups of the population; and (iv) improve governance and security.
3. After extensive discussions with government officials during the February 2005 Consultative Group meeting in Warsaw, IDA focused on three strategic objectives: (a) improve business opportunities in rural and urban areas; (b) preserve and enhance the quality of health and education; and (c) improve the delivery of energy services and exploit the country's hydropower potential. These objectives were supported by a cross-cutting theme of strengthening institutional capacity to improve governance and reduce the scope for corruption. IDA's CPS was realistic, relevant, and consistent with the priorities outlined in its PRSP.
4. In 2006, the government formulated a new poverty reduction strategy, focusing on improving public administration and developing the private sector and human capital. The 2007 CASPR addressed the new strategy, and noted that the CPS of 2005 remained fully consistent with the second PRSP.
5. IDA's lending program was also realistic and consistent with the strategic objectives and took into account past experience. On-going and new investment and policy-based lending supported each

pillar and incorporated the cross-cutting themes. Declining IDA allocations have been caused by a drop in the country performance ratings, mainly because of worsening governance indicators and, only marginally, small declines in the overall CPIA and portfolio performance ratings. By contrast, the increasing share of resources devoted to policy-based lending reflected improved prospects for policy and institutional reforms during the CAS period. A substantial program of analytical and advisory services complemented the lending program.

**Overview of CAS Implementation:**

6. **Lending:** When the CPS was presented to the Board in October 2005, there were 10 active projects for US\$143 million with an undisbursed amount of US\$80 million. Total funds approved during the CPS period amounted to US\$133 million, compared with a planned amount of US\$120 million, covering 16 operations. Of the approved amount, US\$85 million had been disbursed as of September 2009. Because of Tajikistan's high indebtedness, the FY06 IDA allocation contained only grants. Subsequently, the country benefited from debt relief, which later brought about a reduction in grants and an increase in IDA credits. The situation changed again in FY08, when indebtedness, once again rose, leading to a switch back to grants and a reduction in IDA credits.

7. The Bank delivered 16 new operations, five more than proposed in the CPS. Three of the operations were programmatic grants amounting in total to US\$40 million (one-third of IDA lending). Although the CPS-CR does not discuss it, presumably the progress in structural adjustment was sufficient to warrant proceeding with the programmatic grants. Three investment operations (Poverty Alleviation III, Agriculture Sector reform and Regional Electricity Project) were dropped and nine were added (Avian Flu, Dushanbe Water Supply Supplement, Pamir Additional Financing, Energy Emergency, Public Financial Management, Programmatic Development Policy Grant III, Community and Basic Health Project - Additional Financing and Emergency Food Security and Seed Imports Project). The Education and Health SWAs were delayed to FY10 and FY11. Currently, 14 operations are active, six of them financed by trust funds.

**Portfolio Performance:**

8. IEG rated four projects that exited the portfolio during the CPS period. Three of them were rated satisfactory, amounting to 65 percent in terms of commitments, a performance below the ECA and Bank-wide averages. Moreover, two of them were rated as not likely to achieve their development objectives, a share higher than in the rest of ECA and the Bank. QAG rated the quality at entry for three completed projects (Poverty Alleviation II, Institutional Building TA and Programmatic Development Policy Grant I) as moderately satisfactory or better. QAG also rated the quality of supervision for three projects, two of which received a rating of moderately satisfactory or better. The number of projects at risk increased from none in 2006 to four in 2009, in spite of two government-IDA-Asian Development Bank (ADB) Country Portfolio Performance Reviews (CPPRs). The disbursement rate fell from 28.7 percent in 2006 to 21.3 percent in 2008, about the ECA average. The projects with weaker performance are those that rely more heavily on procurement capacity and those that have up-front institutional reform requirements and need coordination among several agencies.

**Non-Lending Services:**

9. All planned and twenty unplanned studies were completed during the CPS period, providing substantial analytical support for reform areas and specific operations, including public financial management, health and education, poverty and social protection, gender, financial and agricultural sectors and trade policy. At the expense of supervision funds, numerous unplanned reports were completed, reflecting efforts to better understand the situation on the ground and thus address the poor portfolio performance. There was no QAG assessment of AAA on Tajikistan during the CPS period.

10. A fiduciary review of IDA operations was conducted during the CPS period. Although there was no evidence of fraud, the review found ample room for concern and improvement. For example, only 37 percent of procurement and 39 percent of financial management was rated as fully satisfactory. Also, 67 percent of completed works had deficiencies because of poor quality workmanship or

materials and poor maintenance.

**Overview of Achievement by Objective:**

11. Tajikistan's GDP grew at an average of 7.4 percent between 2005 and 2008, helping meet the over-arching goal of IDA's strategy by reducing the proportion of the population living below the poverty line from 64 percent in 2003 to 41 percent in 2007. This impressive growth was driven by remittances that amounted to 50 percent of GDP in 2008, which fostered domestic demand in services and construction. Cotton and aluminum exports also played an important role in economic growth in the early years of the period. Macroeconomic stability was maintained with support from the IMF, and the country progressed from a Staff Monitored Program to a request for a Poverty Reduction and Growth Facility program.

**Pillar I: Improve Business Opportunities in Rural and Urban Areas**

12. The primary objectives under this pillar were to reduce the cost of doing business, improve private sector access to finance, improve access to agricultural land, and create a competitive market for cotton. These objectives were supported by a number of IDA's ongoing and new projects and analytical and advisory services listed in Annex 9. Projects of particular importance included Farm Privatization Support, Land Registration, Cotton Development, Cotton Debt Resolution TA, and three programmatic policy-based grants. AAA of note included an agricultural sector review, policy notes on the private sector and remittances, and on Financial Sector Assessment Program (FSAP).

13. **Reducing the Cost of Doing Business:** The government passed laws on licensing and inspections meant to reduce licensed activities from 1500 to 65 and also to reduce the frequency, duration and arbitrariness of inspections. However, government agencies have been slow to comply, resulting in very sluggish progress. Accordingly, private investment remained a low 6 percent of GDP in 2008 (IMF data) and the private sector's share of GDP increased only modestly from 50 to 55 percent between 2004 and 2007, despite the successful privatization of 500 medium and large enterprises.

14. Some progress was registered in aviation under the first and second policy-based programmatic grants; progress was made in aviation by improving governance and introducing competition. A key element was the separation of the policy formulation function from the technical regulation and accident investigation function. The government also restructured Tajik State Airlines, thereby also separating the airline from the airports and the air traffic control system. In addition and importantly, the government has allowed regional airlines, a private Tajik carrier, and a Turkish airline to operate new flights, increasing access to the country and expanding passage and cargo traffic.

15. **Improving Access to Finance:** Credit to the private sector increased from 14 percent of GDP in 2005 to 21 percent in June 2008. Microfinance institutions have grown rapidly, increasing their lending by almost 400 percent from 2006 to June 2007, but the portfolio remains a small US\$37 million. Several barriers to growth in lending to the private sector remain, including a lack of long-term funds, a weak secure-lending framework, accounting and audit shortcomings and high interest rates. Recently, some banks have faced severe funding problems, as deposits have declined and non-performing loans increased. Hence, trade credits and other lending have declined. In addition, Further stress on commercial banks has resulted from the government's directed lending to the cotton sector amounting to 22 percent of the capital of the banks (June 2008) Nevertheless, banks are not reported to be facing solvency problems yet.

16. **Improving Access to Agricultural Land:** Agriculture accounts for 24 percent of GDP, 66 percent of employment, 26 percent of exports and 39 percent of tax revenue. Within the sector, cotton is the most important crop, accounting for 60 percent of agricultural output while using 45 percent of irrigated arable land. Because the sector supports 75 percent of the rural population, it is of paramount importance to the country. For that reason IDA gave agriculture and cotton substantial support through

analytical work, technical assistance and investment projects (see Annex 9). Because the government continues to dominate cotton production, processing and exports, the agriculture sector strategy identified land titling and the resolution of the cotton farmers' debt crisis as priorities. Actual reforms have been minimal. The agricultural sector has lagged behind the growth of the rest of the economy and cotton has steadily declined in productivity and profitability, largely due to mismanagement, poor regulation and excessive state interference.

17. Progress in land titling has been slow. Limited capacity and vested interests have led to cosmetic restructuring, often falling short of clear titles to farms, especially in the cotton growing areas. IDA's Farm Privatization Support Project helped privatize 10 collective farms and issued 6,000 titles. Its Land Registration and Cadastre Project has not resulted in substantial privatization and only 2488 land use certificates have been issued by April 2009. Outside IDA projects, official information suggests that 30,000 titles have been issued, but most of these are not for individual farms. Thus, progress is far short of the CPS target of 60,000 land certificates issued to individual land users. A multi-donor dialogue with the government continues, given the critical importance of these reforms.

18. The crisis in cotton farmers' debt persists. By 2008, cotton farmers had accumulated a debt of over US\$400 million to investors who exploited their monopoly powers in the supply of inputs and monopsony power in the ginning and marketing of cotton. These investors were helped by local authorities, who collect taxes from cotton under the current arrangement. These state-guaranteed debts were eventually taken over by the National Bank of Tajikistan and currently stand, including capitalized interest, at about US\$575 million. Lending by the Ministry of Finance through the commercial banks may worsen this problem, until its fundamental causes are properly addressed. With the debt issue unresolved, farmers' highly leveraged claims to user rights on are weakened, and the farmers' freedom to choose crops and channels to market their produce thwarted. Although the government passed decrees in 2007 and 2008 to address distortions in the cotton sector, these have not been implemented owing to vested interests. Reportedly, local officials still force farmers to grow cotton, effectively limiting the development of private farming. IDA has yet to reach an agreement with the government, despite its AAA efforts.

19. Although impeded by the tardy pace of land titling, the rehabilitation of irrigation systems has progressed with 105 tube wells under repair and more to be rehabilitated going forward. These tube wells are used both for irrigation and drinking water. Rehabilitation of the Ferghana Valley pumping station is ninety percent completed and it should be operational by end-2008. Work is underway to improve the quality of water in the Isfara River, which is being diverted and used for irrigation. Awareness and training in existing water use laws and regulations and establishing Water Users Associations has been completed in the Ferghana Valley, the most fertile land of the country.

20. **More Competitive Cotton Market:** Some progress has occurred in making the cotton market more competitive. In 2007, the universal standard grading of cotton covered about 20 percent of production and use of that system is expected to spread. The government (under the second policy-based programmatic grant) introduced a new cotton pricing method for calculating the ex-ginning price. Also, the state-owned commodity exchange was reorganized and it no longer has a role in registering contracts, a first step in its transformation into a real commodity exchange. Moreover, the central bank no longer has a role in permitting or supporting cotton export licenses. Although a competitive market for cotton has yet to be established, these measures are steps in the right direction.

21. Private sector development, especially in rural areas, is essential for Tajikistan's economic growth and social stability. During the CPS period, however, despite facilitating legislation to reduce licenses and inspections and reforms in the market for cotton, measures to improve the business climate have been ineffective and progress in land titling and resolving the cotton farmers' debt has been minimal. While recognizing recent improvements in the business environment and progress towards adequately resolving cotton debt, in light of continued weak private sector performance IEG

rates the outcome of Pillar I as *moderately unsatisfactory*.

**Pillar II: Preserve and Enhance the Quality of Health and Education:**

22. The main objectives under this pillar were to improve service delivery in health and education by refining sector strategies, strengthening the capacity of ministries, facilitating community involvement and implementing new delivery designs in selected areas. IDA supported these objectives with ongoing projects such as Regional HIV/AIDS, Dushanbe Water Supply, and Poverty Alleviation 2 as well as with new projects such as a Youth Development Grant and Education Fast Track Initiative. IDA also completed several analytical reports on health and education, notably the Health and Education IFA, Education Sector Institutional Fiduciary Assessment and Immunization Tracking.

23. **More Equitable Allocation of Resources to Health:** In 2004, the likelihood of achieving the Millennium Development Goals (MDG) goals looked bleak as several social indicators were weakening. In 2005, the government adopted a national health financing strategy aimed at improving fiscal sustainability and allocating a higher share of wage increases to primary health care workers, introducing per capita budget allocations on a pilot basis and reintroducing a benefits package. Public spending in primary health increased between 2004 and 2008 and primary health care providers received a larger share. Further progress was made in introducing per capita financing by incorporating seven more rayons in the pilot scheme. But overall spending on health (US\$6 per capita financed by the government and US\$4 per capita financed by donors) is not enough to secure achievement of the MDG and CPS goals.

24. **Improved access to and quality of health services:** The government is committed to implementing a sustainable healthcare system. IDA supported this strategy based on using a per capita allocation of funds and developing a benefits package. The Community and Basic Health Project and a sector investment grant were the instruments used by IDA. Implementation was, however, not sufficiently coordinated across agencies. A process is underway to develop a more comprehensive strategy. Progress in developing a benefits package was mixed. After the initial package introduced in 2007 proved financially unsustainable, the government redefined the package in September 2008 and implementation in 8 pilot rayons is underway.

25. Tajikistan's use of the Central Asia AIDS Fund at 30 percent has exceeded the benchmark of 10 percent. The Living Standards Survey results show the knowledge of HIV prevention increased from 43 percent in 2005 to 58 percent in 2007, but is still below the 2009 PRSP target of 75 percent. IDA supported HIV prevention with its ongoing Regional HIV/AIDS project.

26. **Increased Consumption of Safe Water:** The water sector has received substantial IDA resources through the Dushanbe Water Supply and Municipal Infrastructure Development Projects (MIDP). Clean water availability has improved; increasing from 52 percent of population in 2003 to 65 percent in 2008, and 75 percent of households receive water continuously. Improvement in small towns outside Dushanbe is slow because of limited institutional capacity. A recent impact assessment under MIDP shows that water availability has increased by 20 percent.

27. **More Equitable Allocation of Resources to Education:** Budget allocation for education has increased and the government developed a National Education Strategy to guide program design for the medium term. Per capita funding of schools has spread to 12 rayons and an expansion nationwide is planned by 2010. In June 2008, the government adopted a new remuneration and promotion system that compensates education workers based on qualifications and responsibility.

28. **Increased Primary School Completion Rates:** IDA has supported this sector with the ongoing Education Modernization (EM) and Education for All/ Fast Track Initiative projects to improve access to and quality of education and strengthen educational institutions. In the 7 rayons where the

EM project is active, the enrollment and completion rates are close to 100 percent and almost all schools have functioning Parent-Teacher Associations. Estimates show attendance at a high 95 percent, but the quality of education remains a concern. The government has designed a new curriculum, developed fourth grade assessments, and done some work on teacher training, text books and school rehabilitation.

29. Almost of the objectives in the education, water and social service sectors were achieved, and there was some progress in the health sector. IEG rates the outcome of Pillar II as *moderately satisfactory*.

**Pillar III: Improve the Delivery of Energy Services and Exploit the Country's Hydropower Potential:**

30. The main objectives of this pillar were to improve domestic energy service delivery by improving efficiency and moving towards full cost recovery, to increase electricity exports, and to create the conditions for substantial growth in electricity exports and their transparent use. IDA supported this objective with the Pamir Power, Energy Loss Reduction, Municipal Infrastructure and the Energy Emergency projects. In addition, IDA provided an Energy Sector TA and completed a Utilities Assessment.

31. **Improved Financial Viability of Energy and Water Utilities:** Following tariff increases in 2005 and 2006, the government continued to raise tariffs, including a 15 percent hike in January 2009, to ensure full cost recovery by 2012. Electricity and gas meters have been installed for thousands of residences and hundreds of commercial users. The technical and commercial energy losses were 20 percent in 2008, lower than the budgeted 28 percent. Measures were taken to collect large bills by disconnecting service. As a result, 75 percent of the debts were repaid. The expectation that internal funds would finance 30 percent of investments was not met, because of debt service payments to China for loans to construct a transmission line connecting the north to the south. The quasi-deficit from gas and electricity came down to 12 percent of GDP in 2007, below the 15 percent level of 2004. An international firm has conducted audits of Barki Tajik and Tajik Gas, but the former audit is yet to be completed pending additional information, and concerns about Barki Tajik's governance remain. Both energy firms have adopted international financial reporting standards.

32. The financial viability of water services has improved dramatically from a revenue/cost ratio of 21 percent in 2002 to 65 percent in the first nine months of 2008. Water tariffs have been increased and over 8,000 new meters have been installed in homes, businesses and state organizations. However, further reforms are needed to reach full financial viability.

33. During this period of rising tariffs for utilities, the government has maintained a program to help the poor and vulnerable groups have access to electricity, heating and other utility services.

34. **Electricity Exports:** The regional interconnection agenda is on track. Tajikistan needs interconnection to reduce the dependency on Uzbekistan, which operated the electricity grid control center for the region from Soviet times. Concurrently, complementary investments are being prepared with IDA assistance to link regional markets to include Kyrgyzstan, Tajikistan, Pakistan and Afghanistan. A preliminary agreement has been reached with the region to sell electricity from the several new generation projects underway, including Sangtuda I, which is approaching completion.

35. Although there is a considerable way to go before the utilities reach full financial viability and CAS expectations were not met fully, substantial progress was made along that path during the CPS period. Also, foundations were laid for future exports of electricity. Thus, IEG rates the outcome of IDA support under this pillar as *moderately satisfactory*.

**Cross-Cutting Theme: Strengthening Institutional Capacity to Improve Governance:**

36. The main objective of the cross-cutting theme was to build reliable and transparent institutions and improve public service delivery and the environment for private sector development. IDA supported these objectives with the Public Sector Reform Project, Rapid Response Technical Assistance Project (Treasury, Procurement and Statistics) and the policy-based programmatic grants and several reports, including the Public Expenditure Reviews and the Public Sector Pay Reform study.

37. In 2006, the government adopted a long-term comprehensive public administration reform strategy. The reform is being implemented in selected government institutions and, sector-wide, in health and education. However, the elections in late 2006 and subsequent reorganization of government revealed the need for a deeper consensus prior to implementation of major reforms. The government designed a more detailed reorganization plan that was approved in September 2008. Nevertheless, progress remains slow and partial.

38. To improve the structure of government, the number of ministries and agencies were reduced and policy formulation was formally separated from service delivery. However, the separation has been slow. Also, the clarification of responsibilities between different layers of government at the central, regional and local levels is still in process. Civil service reforms include the pay structure and competitive selection. Reforms allowing the pay structure to integrate bonuses and allowances and to decompress wages in order to align rewards to job complexity have been implemented as planned. However, the legislation on job classification and pay grading is behind schedule. About 1150 civil service vacancies were filled through a competitive process, even though the demand for these vacancies was weak due to low public sector salaries.

39. Implementation of a medium-term expenditure framework started in 2007 with a pilot covering the education sector. The government plans to expand coverage to four additional sectors in the next budget cycle, which will require substantial capacity-building. In March 2007, the government adopted a public internal financial control strategy that conforms to international standards and includes a decentralized internal audit process. In September 2008, the government adopted a strategy and action plan to establish an external audit body. In May 2006, a Public Procurement Law was adopted, although progress in implementation has been slow. The standard bidding documents were registered in early 2008. Trained staff of the fully functional procurement agency and six ministries is just beginning to make procurements under the new system.

40. Despite some indications of progress, albeit slow, Tajikistan continues to score low in the ECA region in terms of governance, showing little improvement overtime. The apparent inconsistency between solid macroeconomic performance and worsening macroeconomic management scores is explained by the impact of large positive exogenous factors (favorable aluminum and cotton prices, and large remittances). Tajikistan's poor performance relative to other countries contributed to a markedly lower allocation of IDA resources.

41. Progress in public administration and governance reform has been slow and partial on all fronts, including in reforming the separation of service delivery from policy formulation, civil service reform, budgeting and governance. On this basis, IEG rates the outcome of IDA support under the cross-cutting theme of improving governance and reducing corruption as *moderately unsatisfactory*.



<b>Achievement of CAS Objectives</b>			
<b>Objectives</b>	<b>CASCR Rating</b>	<b>IEG Rating</b>	<b>Explanation / Comments</b>
Pillar I: Improve Business Opportunities in Rural and Urban Areas	NA	Moderately Unsatisfactory	Despite facilitating legislation to reduce licenses and inspections and reforms in the market for cotton, reforms have not been effective in improving the business climate, although some progress was made in land titling and in resolving the cotton farmers' debt.
Pillar II: Preserve and Enhance the Quality of Health and Education	NA	Moderately Satisfactory	Most of the objectives in the education, water and social service sectors were achieved, and some progress was made in health.
Pillar III: Improve the Delivery of Energy Services	NA	Moderately Satisfactory	Although there is a considerable way to go before the utilities reach full financial viability and CAS expectations were not met fully, substantial progress was made along that path during the CPS period.
Cross-Cutting Themes: Improving Governance and Strengthening Institutional Capacity	NA	Moderately Unsatisfactory	Progress in public administration and governance reform has been slow and partial in all areas producing limited impact on improving governance and reducing corruption.
Overall Rating: <b>Moderately Unsatisfactory</b>			
<b>Comments on Bank Performance:</b>			
<p>42. IDA's strategy was consistent with and relevant to Tajikistan's development objectives delineated in its PRSP 2002 and 2006. IDA's lending program included a mix of investment projects and programmatic grants to support its assistance strategy. The investment projects sought to support implementation of sector strategies such as in health, education and agriculture and the programmatic grants sought to help implement policy reform such as in private sector development as well as to maintain a dialogue with the government. IDA's lending strategy incorporated flexibility to alter the blend of its assistance contingent on Tajikistan's progress in key areas of structural reform such as public finance management and governance, which was realistic. IDA was responsive to emergencies, providing funds to the energy sector and for food security.</p> <p>43. In addition, IDA leveraged its funds with co-financing and also accessed grant funds. As a consequence, IDA managed up to 18 (also stated as 16 and 19 in various places in the CASCR) projects during the CPS period, stretching its supervision resources and possibly contributing to the portfolio's deterioration. A theme that emerged from interviews of government and agency officials involved in IDA projects was the dissonance between their understanding of project requirements and that of IDA staff from Washington. Tajikistan officials do not fully comprehend the process for achieving the project's goals while IDA staff from Washington is perceived as not fully comprehending the situation on the ground in Tajikistan. Such dissonance leads to confusion and delays in project implementation. Two CPPRs conducted during the CPS period have made recommendations for improvement of procurement procedures.</p> <p>44. IDA's AAA program was consistent with its strategy and underpinned the lending program, with ample analytical work on agriculture, private sector development, health, education, poverty and public sector management. To complete about 20 unplanned reports, IDA was able to supplement its own resources with grants and direct financing from other donors.</p>			

45. More than 40 multilateral and bilateral development partners are active in Tajikistan, and more than twelve have presence on the ground, making coordination of external support a challenge. IDA, ADB and USAID are the largest donors, not counting Russia and China, for which comparable data are not available. During the past four years, there have been increased efforts to improve coordination of external support. IDA co-chairs the Donor Coordination Council that meets regularly in Dushanbe. Many IDA projects and reports have been co-financed by other partners, bringing them together to support a common agenda. Nevertheless, coordination remained a challenge, especially as the government also has no structure to coordinate ODA, external support, etc. Interviews with donor representatives in Dushanbe suggest that they favor IDA’s leadership because of its analytical capability and resources. They believe that coordination locally is improving, but perceive IDA staff from Washington as sometimes ignoring local agreements and failing to include them in discussions with the government and the flow of information. Also, IDA is working with the Asian Development Bank to reduce the number of project implementation units by harmonizing their procurement and reporting requirements.

46. Overall, although IDA had a relevant and realistic strategy, and exhibited flexibility in adjusting its lending program and in leveraging its operations with other development partners to face shocks, project implementation and supervision were ineffective or slow in several critical areas. Most importantly, IDA’s interventions were not effective in improving business opportunities in urban and rural areas, and in enhancing governance, both critical for the country’s future economic and employment growth, and its donor coordination was less than adequate. IEG recognizes the Bank’s efforts since early 2009 in helping the Government respond to the food, energy and the current financial crisis, adjusting the IDA program, managing special facilities, and improving donor coordination, but still rates Bank performance for the entire CAS period as *moderately unsatisfactory*.

**4. Overall IEG Assessment**

<b>Outcome:</b>	Moderately Unsatisfactory
<b>Bank Performance:</b>	Moderately Unsatisfactory

47. The outcome rating reflects an overall assessment of IDA’s assistance strategy and the contribution of its interventions to achieving development objectives. IDA’s assistance strategy was relevant and supported Tajikistan’s development goals. However, the reduction in poverty cannot be ascribed to IDA interventions. It resulted from a fortuitous confluence of rising remittances from emigrant workers and high international prices for cotton and aluminum, Tajikistan’s main exports. IDA’s interventions to improve business opportunities in urban and rural areas were ineffective, despite the passage of laws and decrees to ameliorate the situation. Although the interventions to preserve and enhance health and education services and improve energy services produced positive outcomes, the assistance to strengthen the government’s institutional capacity and improve governance had weaker results.

48. In rating the overall outcome, IEG recognizes recent improvements in the regulatory environment for the private sector and progress towards adequately resolving cotton debt, but gives greater weight to continued weaknesses in private sector performance which remains critical for Tajikistan’s future growth and social stability. It’s vital importance is highlighted by recent developments in Tajikistan.

## 5. Assessment of CAS Completion Report

49. The CASCR (CPS-CR) provides adequate coverage and information on project implementation, but less so on the achievement of CPS outcomes due to incomplete data on outcome indicators. It also identifies the strategic challenges that are likely to persist in the medium term. IEG notes that the presentation of the CPS completion report could have better highlighted the linkages between the achievements during the 2006-2009 CPS period and the Bank interventions.

## 6. Findings and Lessons

50. IEG notes that, because of the global economic crisis, remittances are expected to decrease by up to 50 percent of the 2008 level. Moreover, about 350,000 migrants may remain in (or return to) Tajikistan and will need employment. At the same time, foreign exchange earnings have plummeted with the most recent decline in the prices of aluminum and cotton. As a consequence, trade and other taxes have declined, leaving the government with a yawning fiscal gap. The decline in remittances, export earnings and economic activity could put stress on the banking system through worsening credit quality and a currency mismatch, conceivably with fiscal consequences. Finally, some public enterprises also have sizeable quasi-fiscal deficits. If IDA had been more successful in helping to remove barriers to private business, relieving cotton farmers of their debt and permitting them ownership of their land with the freedom to choose crops to plant, some of the developing storm could have been better mitigated.

51. IEG agrees with the following CASCR findings and lessons related to improved project implementation and better environment for private sector development:

### Improved project implementation:

- Capacity constraints tended to mask other implementation concerns, particularly political economy considerations and governance problems which must be addressed directly;
- Too much effort has been devoted to perfecting project design focused on long term results, and too little to resolving short-term pragmatic issues (such as need to resolve cotton farmers debt and land titling), which has slowed or stalled the implementation of some projects;
- Emphasis on passing legislation and decrees has been at the expense of dealing with the actual roadblocks to implementation;
- Greater selectivity in interventions is needed to improve project performance by avoiding spreading IDA's supervision capacity too thin; and
- Donor harmonization has to be improved gradually by working with collegially developed sector agendas, such as those supported through SWAPs, which facilitate coordination and cost controls.

### Better environment for private sector development:

- Measures to eliminate impediments to starting and operating a business tend to be postponed if not owned and supported by the lower levels of government and a coordinated donor effort; and
- Employment generation requires a clear roadmap for the agriculture sector, resolving the cotton farmer's debt and facilitating the growth of private farming.

52. In addition, IEG has identified the following three lessons:

- An all-inclusive approach to donor coordination helps eliminate duplication and blind spots in donor activities, and bestows recognition that may help sustain bilateral funding. That requires that all donors, including Russia and China, be recognized for their contribution, and be invited to attend donor meetings with the government.
- Lack of communication and partial understanding of country circumstances may hamper both project design and execution. Project staff from Washington should make a special effort to

grasp the intricate country situation, overcome communication barriers and find practical solutions to implementation problems.

- IEG concurs with the proposed approach to absorb the tighter IDA resource envelope through greater selectivity, but notes that there are limitations to choosing between competing priorities, especially at times of global crisis. Tajikistan's poverty alleviation needs and minimal resources required to respond to external shocks leave negligible funding to provide incentives for continued reforms.

**Annex Table 1: Actual vs. Planned Lending**

**Annex Table 2: Analytical and Advisory Work: actual vs planned**

**Annex Table 3a: IEG Project Ratings, FY06-09**

**Annex Table 3b: IEG Project Ratings for Tajikistan and Comparators, FY06-09**

**Annex Table 4: Portfolio Status Indicators by Year**

**Annex Table 5: IBRD / IDA Net Disbursements and Charges**

**Annex Table 6: Net Aid Flows (net or gross, ODA or ODA+OOD, as relevant)**

**Annex Table 7: Economic and Social Indicators**

**Annex Table 8: Millennium Development Goals**

**Annex Table 9: Summary of Achievements of the CAS Objectives**



**Annex Table 1: Planned and Actual Lending, FY06-09**

	Proposed FY	Approval FY	Proposed Amount	Actual Amount	Alternative Name
Basic Health	2006	2006	10	10	
Ferghana Valley	2006	2006	13	13	
Municipal Infrastructure	2006	2006	15	15	
Policy-Based Credit	2006	2007	10	10	PDPG
Rapid Response TA; Treasury; Procurement; Statistics	2006-07	2007	10	1	Tajikistan Statistics
Cotton Development	2007	2007	15	15	
Poverty Alleviation III	2007	Dropped	5		
Public Sector Reform	2007	2007	5	5	
Dushanbe Water Supply Rehab Add'l	2007	2007	5.1	5	
Policy-Based Credit 2	2008	2008	10	10	PDPG2
PFM Modernization Project	2008	2009	5	5	
Agriculture Sector reform	2008	Dropped	10		
PAMIR Emergency Project	2008	2009	4	2.5	Pamir Additional Financing
Education SWAp	2009	Delayed to FY10	15		
Health SWAp	2009	Delayed to FY11	10		
Policy Based Grant 3	2009	2009	10	20	PDPG3
Regional Electricity Project	2009	Dropped			
<b><u>Unplanned</u></b>					
Avian Flu		2006		5	
Energy Emergency		2008		6.5	
Community and Basic Health Project - Additional Financing		2009		5	
Emergency Food Security and Seed Imports Project		2009		5	
<b>Total</b>			<b>154.1</b>	<b>133</b>	

Source: Lending Tables as of September 8, 2009

**Annex Table 2: Tajikistan Analytic and Advisory Work (2006-2009)**

	Completion FY	Delivered to Client FY
<b>Economic and Sector Work</b>		
<i>Underway</i>		
Trade Diagnostics	FY05	FY05
Social Dimensions of Regulation	FY05	FY06
Policy Sector Wages Note	FY05	FY06
Agricultural Review	FY05	FY06
<i>Planned (CAS FY05-09)</i>		
Social Protection	FY06	FY 06
Private Sector Policy Note	FY06	FY07
Programmatic PER	FY06	FY07
Programmatic PER-2	FY08	FY08
Programmatic Poverty Work	FY06-FY08	FY08
Health and Education IFA	FY06-07	FY08, FY09
Policy Notes	FY06	FY05
<i>Non-planned</i>		
Tajikistan - Policy note : enhancing the development impact of remittances		FY06
Tajikistan - Review of the air transport sector in Tajikistan : a policy note		FY06
Education Sector Fiduciary Assessment		FY07
AML/CFT Assessment Tajikistan		FY07
The context for community driven development in Central Asia : Local institutions and social capital in Kyrgyz Republic, Tajikistan and Uzbekistan - first phase report , CDD experience and lessons to date		FY07
FSAP Tajikistan		FY08
Pension System Review		FY08
Public Sector Pay Reform		FY08
Can production and trafficking of illicit drugs be reduced or merely shifted?		FY08
Informal payments and moonlighting in Tajikistan's health sector		FY08
Fiscal policy for growth and development in Tajikistan		FY08
Environmental Analysis		FY08
Immunization resource tracking exercise : case study on the Republic of Tajikistan		FY08
Poverty Assessment		FY09
Multi-Sector Constraints Assessment		FY09
ROSC		FY09
<b>Technical Assistance</b>		
NEAP TA	FY05	FY05
Banking Sector TA	FY06	FY06
Energy Dialogue	FY06	FY07
Poverty Dialogue	FY08	FY08
Financial Sector Dialogue	FY08	FY08
<i>Non-planned</i>		
PSD Policy Dialogue		FY08
Public Sector Pay Reform TA		FY08
TJ Private Sector Dialogue		FY09
TJ WSS Strategy		FY09

Source: Tajikistan CAS 2005, WB Business Warehouse Table ESW/TA 8.1.4 as of 1/12/2009, Controller's Webpage



Annex Table 3a: Tajikistan – IEG Project Ratings, FY06-09

Exit FY	Project Name	Approval FY	IEG Outcome	IEG Sustainability*	IEG ID Impact*	IEG Risk to DO Rating	Net Commitments
2006	FARM PRIV SUPPORT	1999	SATISFACTORY	LIKELY	MODEST	#	23.3
2007	POV ALLV 2	2002	SATISFACTORY	#	#	MODERATE	16.0
2007	LAKE SAREZ RISK MITIGATION	2000	SATISFACTORY	#	#	SIGNIFICAN T	0.4
2008	RURAL INFRA REHAB	2000	UNSATISFACTORY	#	#	SIGNIFICAN T	21.5

\*Sustainability and Impact were rated until FY06. Risk to Development Objective is rated in projects from FY07 onwards.

Annex Table 3b: IEG Project Ratings for Tajikistan and Comparators, FY 06-09

Region	Total Evaluated (\$M)	Total Evaluated (No)	Outcome % Sat (\$)	Outcome % Sat (No)	Inst Dev Impact % Subst (\$)	Inst Dev Impact % Subst (No)	Sustainability % Likely (\$)	Sustainability % Likely (No)
Tajikistan	61.3	4	64.9	75.0	0	0.0	100.0	100.0
Kyrgyz Republic	128.0	5	55	60.0				
Kazakhstan	200.3	2	100	100.0				
Russian Federation	618.2	9	79	77.8	49	33.3	100.0	
Uzbekistan	67.8	3	100	100.0	100	100.0	100.0	
ECA	7,896.9	142	88.4	82.0	80	64.3	99.9	92.0
Overall Result	47,830.4	672	88.0	79.2	67	56.7	89.2	84.0

Source: WB Business Warehouse tables 4a.5 and 4a.6 as of September 29, 2009

Annex Table 4: Tajikistan-Portfolio Status Indicators

Country	2006	2007	2008	2009
<b>Tajikistan</b>				
# Proj	14	14	14	15
Net Comm Amt	164.1	174.8	161.3	173.8
# Proj At Risk	0	1	3	4
% At Risk	0.0	7.1	21.4	26.7
Comm At Risk	0.0	10.0	37.0	53.5
% Commit at Risk	0.0	5.7	22.9	30.8
<b>Kyrgyz Republic</b>				
# Proj	17	20	17	19
Net Comm Amt	232.2	268.2	196.2	205.6
# Proj At Risk	0	2	1	1
% At Risk	0.0	10.0	5.9	5.3
Comm At Risk	0.0	40.0	7.8	6.9
% Commit at Risk	0.0	14.9	4.0	3.4
<b>Kazakhstan</b>				
# Proj	9	9	11	11
Net Comm Amt	642.9	558.2	607.8	2592.8
# Proj At Risk	2	3	2	3
% At Risk	22.2	33.3	18.2	27.3
Comm At Risk	124.0	89.0	59.0	78.4
% Commit at Risk	19.3	15.9	9.7	3.0
<b>Russian Federation</b>				
# Proj	22	20	18	14
Net Comm Amt	1950.7	1770.5	1676.1	1297.0
# Proj At Risk	2	0	1	5
% At Risk	9.1	0.0	5.6	35.7
Comm At Risk	250.0	0.0	80.0	310.0
% Commit at Risk	12.8	0.0	4.8	23.9
<b>Uzbekistan</b>				
# Proj	5	6	5	6
Net Comm Amt	237.5	252.3	222.8	250.8
# Proj At Risk	3	0	1	1
% At Risk	60.0	0.0	20.0	16.7
Comm At Risk	141.3	0.0	15.0	40.0
% Commit at Risk	59.5	0.0	6.7	15.9
<b>ECA</b>				
# Proj	67	69	65	65
Net Comm Amt	3227.3	3024.0	2864.2	4520.0
# Proj At Risk	7	6	8	14
% At Risk	10.4	8.7	12.3	21.5
Comm At Risk	515.3	139.0	198.8	488.8
% Commit at Risk	16.0	4.6	6.9	10.8
<b>Overall</b>				
# Proj	1345	1347	1384	1408
Net Comm Amt	92888.8	97790.5	104145.2	128471.6
# Proj At Risk	188	224	250	310
% At Risk	14.0	16.6	18.1	22.0
Comm At Risk	10849.8	15175.6	18179.3	19539.0
% Commit at Risk	11.7	15.5	17.5	15.2

Source- BW Table 3a.4 as of September 11,2009

**Annex Table 5: IBRD/IDA Net Disbursements and Charges Report (in \$ million)**

From: 1-Jul-05 to 30-Jun-09

Period	Disb. Amt.	Repay Amt.	Net Amt.	Charges	Fees	Net Amt.
FY2006	26.9	0.0	26.9	2.3	0.1	24.5
FY2007	32.2	0.6	31.6	2.5	0.1	29.0
FY2008	34.0	1.6	32.4	1.3	1.5	29.6
FY2009	58.4	3.3	55.1	0.0	2.7	52.4
<b>Total</b>	<b>151.5</b>	<b>5.4</b>	<b>146.0</b>	<b>6.1</b>	<b>4.4</b>	<b>135.6</b>

Source- Controller's Webpage as of September 11, 2009

**Annex Table 6: OECD data for Tajikistan (2005-2009)\***

Donor	2005	2006	2007
All Donors, Total	251.14	239.95	221.3
DAC Countries, Total	104.67	91.83	105.96
Multilateral Agencies, Total	134.26	142.18	105.63
Non-DAC Countries, Total	12.21	5.94	9.71
G7, Total	86.18	68.23	72.06
DAC EU Members, Total	19.82	26.13	41.51
Australia	..	..	..
Austria	0.14	0.03	0.09
Belgium	0.09	0.01	..
Canada	6.51	0.35	5.76
Denmark	0.09	0.17	0.39
Finland	0.19	0.32	1.73
France	0.58	0.55	4.68
Germany	8.33	8.7	12.56
Greece	..	..	..
Ireland	..	0.1	..
Italy	..	0.02	0.22
Japan	9.93	8.04	9.43
Luxembourg	0.53	0.34	0.36
Netherlands	0.89	0.02	0.07
New Zealand	0.06	0.05	..
Norway	1.97	1.74	3.19
Portugal	..	..	..
Spain	0.02	0.05	3.04
Sweden	4.56	8.86	13.85
Switzerland	9.95	11.91	11.18
United Kingdom	4.4	6.96	4.52
United States	56.43	43.61	34.89
EC	35.96	33.45	15.95
Czech Republic	0.13	0.09	0.01
Hungary	..	..	..
Iceland	..	..	..
Korea	0.31	0.07	0.22
Poland	..	0.03	0.05
Slovak Republic	..	..	..
Turkey	5.09	5.94	6.9
Arab Countries	6.49	-0.34	2.4
Other Donor Countries, Total	0.19	0.15	0.13
AfDF (African Dev. Fund)	..	..	..
Arab Agencies	7.78	9.56	3.15
AsDF (Asian Dev. Fund)	26.07	35.17	38.34
CarDB (Caribbean Dev. Bank)	..	..	..
Council of Europe	..	..	..
EBRD	1.42	0.08	0.29
GEF	0.25	0.48	1.1
Global Fund	1.34	2.94	8.59
IBRD	..	..	..
IDA	36.69	34.61	27.58
IDB Spec. Fund	..	..	..
IFAD	..	..	..
IFC	..	..	..
IMF Trust Fund	..	..	..
IMF (SAF,ESAF,PRGF)	15.08	14.42	..
Montreal Protocol	..	..	..
Nordic Dev. Fund	..	..	..
UNAIDS	0.09	0.15	0.12
UNDP	3.71	3.69	3.08
UNFPA	0.75	0.69	0.67
UNHCR	0.69	1.04	0.45
UNICEF	1.86	2.55	3.03
UNRWA	..	..	..
UNTA	0.91	2.16	1.57
WFP	1.66	1.19	1.71

Source: OECD DAC data as of September 11, 2009

\* Data available only till 2007

Annex Table 7: Economic and Social Indicators

Indicators	Tajikistan					Kazakhstan	Kyrgyz Republic	Russian Federation	Turkmenistan	Uzbekistan	ECA
	2004	2005	2006	2007	Average (2004-08)	Average (2004-08)	Average (2004-08)	Average (2004-08)	Average (2004-08)	Average (2004-08)	Average (2004-08)
<b>Growth and Inflation</b>											
GDP growth (annual %)	10.6	6.7	7.0	7.8	8.0	9.7	4.5	7.3		7.9	7.2
GDP per capita growth (annual %)	9.3	5.4	5.6	6.2	6.6	8.7	3.5	7.7		6.5	7.1
GNI per capita, Atlas method (current US\$)	270.0	330.0	390.0	460.0	362.5	3532.5	490.0	5302.5		582.5	4552.6
GNI per capita, PPP (current international \$)	1310.0	1430.0	1550.0	1710.0	1500.0	8355.0	1765.0	12305.0	4350.0	2112.5	9771.6
Inflation, consumer prices (annual %)	7.1	7.1	10.0	13.1	9.3	8.5	6.1	10.6			
<b>Composition of Growth</b>											
Agriculture, value added (% of GDP)	21.6	24.0	24.8	21.4	22.9	6.6	32.9	5.1	19.6	27.0	7.7
Exports of goods and services (% of GDP)	58.3	26.0	23.3	20.7	32.1	51.6	41.9	33.5	65.4	39.0	35.1
Industry, value added (% of GDP)	31.8	31.3	27.4	27.5	29.5	40.1	21.4	37.7	40.1	26.9	33.1
Services, etc., value added (% of GDP)	46.6	44.8	47.8	51.0	47.5	53.3	45.7	57.2	40.3	46.1	59.2
<b>Other Macro Indicators</b>											
Real effective exchange rate index (2000 = 100)	..	..	..	..	..	..	..	..	..	..	..
Official exchange rate (LCU per US\$, period average)	3.0	3.1	3.3	3.4	3.2	129.4	40.3	27.5			
<b>External Accounts</b>											
Exports of goods and services (% of GDP)	58.3	26.0	23.3	20.7	32.1	51.6	41.9	33.5	65.4	39.0	35.1
Imports of goods and services (% of GDP)	69.9	52.8	57.5	66.4	61.7	42.8	69.5	21.6	52.3	29.7	34.5
Current account balance (% of GDP)	-2.7	-0.8	-0.8	-13.3	-4.4	-2.6	-4.0	9.1			
External debt stocks (% of GNI)	52.1	47.6	37.5	34.0	42.8	93.1	83.7	30.1	12.9	27.8	39.7
Total debt service (% of GNI)	4.9	3.1	2.5	2.2	3.2	24.3	5.4	4.4	3.6	5.4	7.6
Total reserves in months of imports	1.4	1.3	1.0	..	1.2	4.1	4.7	12.5			8.9
Gross domestic savings (% of GDP)	3.3	-12.0	-20.5	-23.8	-13.2	40.5	-7.9	33.5	32.7	32.8	23.2
Gross fixed capital formation (% of GDP)	13.5	13.8	12.8	21.1	15.3	28.3	19.4	18.9	23.0	21.6	21.2
IBRD loans and IDA credits (PPG DOD, current mill US\$)	296	308	339	360	326	701	602	4,971	24	332	31,366
<b>Social Indicators</b>											
<b>Health</b>											
Life expectancy at birth, total (years)	..	66.4	66.5	66.7	66.5	66.1	67.9	66.3	63.0	67.1	69.3
Immunization, DPT (% of children ages 12-23 months)	86.0	85.0	86.0	86.0	85.8	93.0	95.8	98.0	98.0	97.3	95.1
Improved sanitation facilities (% of population with access)	..	..	92.0	..	92.0	97.0	93.0	87.0		96.0	88.8
Improved water source (% of population with access)	..	..	67.0	..	67.0	96.0	89.0	97.0		88.0	95.0
Mortality rate, infant (per 1,000 live births)	..	61.5	59.1	56.6	59.1	29.4	34.7	13.8	46.7	37.7	22.0
<b>Education</b>											
School enrollment, preprimary (% gross)	9.2	9.1	9.1	9.0	9.1	34.6	13.6	86.7		26.6	50.3
School enrollment, primary (% gross)	99.3	100.3	100.3	99.8	99.9	105.0	96.5	95.0		98.6	96.9
School enrollment, secondary (% gross)	82.0	82.0	82.6	83.6	82.6	94.9	86.8	85.3		99.9	88.1
Population, total (in millions)	6.5	6.6	6.6	6.7	6.6	15.2	5.2	142.9	4.9	26.3	444.7
Population growth (annual %)	1.2	1.3	1.4	1.5	1.3	0.9	1.0	-0.4	1.4	1.2	0.1
Urban population (% of total)	26.4	26.4	26.4	26.4	26.4	57.3	35.9	72.9	47.6	36.8	63.5
Literacy rate, adult total (% of people ages 15 and above)	..	..	..	99.6	99.6	99.6	99.3	99.5	99.5		97.5

**Annex Table 8: Tajikistan Millennium Development Goals**

	1990	1995	2000	2007
<b>Goal 1: Eradicate extreme poverty and hunger</b>				
Employment to population ratio, 15+, total (%)	54	52	50	48
Employment to population ratio, ages 15-24, total (%)	37	32	28	28
Income share held by lowest 20%	..	..	8.1	..
Malnutrition prevalence, weight for age (% of children under 5)	..	..	..	..
Poverty headcount ratio at national poverty line (% of population)	..	..	74.9	..
Prevalence of undernourishment (% of population)	..	22	..	..
Vulnerable employment, total (% of total employment)	..	..	..	..
<b>Goal 2: Achieve universal primary education</b>				
Literacy rate, youth female (% of females ages 15-24)	100	..	100	..
Literacy rate, youth male (% of males ages 15-24)	100	..	100	..
Persistence to last grade of primary, total (% of cohort)	..	..	96	99
Primary completion rate, total (% of relevant age group)	..	99	95	106
Total enrollment, primary (% net)	..	..	97	97
<b>Goal 3: Promote gender equality and empower women</b>				
Proportion of seats held by women in national parliament (%)	..	3	3	18
Ratio of female to male enrollments in tertiary education	62	..	34	37
Ratio of female to male primary enrollment	98	..	93	95
Ratio of female to male secondary enrollment	..	..	86	83
Ratio of young literate females to males (% ages 15-24)	100	..	100	..
Share of women employed in the nonagricultural sector (% of total nonagricultural employment)	40	44	..	..
<b>Goal 4: Reduce child mortality</b>				
Immunization, measles (% of children ages 12-23 months)	68	70	87	87
Mortality rate, infant (per 1,000 live births)	91	90	75	56
Mortality rate, under-5 (per 1,000)	115	114	93	68
<b>Goal 5: Improve maternal health</b>				
Adolescent fertility rate (births per 1,000 women ages 15-19)	..	36	33	28
Births attended by skilled health staff (% of total)	..	79	71	83
Contraceptive prevalence (% of women ages 15-49)	..	..	34	38
Maternal mortality ratio (modeled estimate, per 100,000 live births)	..	..	..	170
Pregnant women receiving prenatal care (%)	..	..	71	77
Unmet need for contraception (% of married women ages 15-49)	..	..	..	..
<b>Goal 6: Combat HIV/AIDS, malaria, and other diseases</b>				
Children with fever receiving antimalarial drugs (% of children under age 5 with fever)	..	..	69	1
Condom use, population ages 15-24, female (% of females ages 15-24)	..	..	..	..
Condom use, population ages 15-24, male (% of males ages 15-24)	..	..	..	..
Incidence of tuberculosis (per 100,000 people)	112	65	117	204
Prevalence of HIV, female (% ages 15-24)	..	..	..	0.1
Prevalence of HIV, total (% of population ages 15-49)	..	..	0.1	0.3
Tuberculosis cases detected under DOTS (%)	..	..	2	33
<b>Goal 7: Ensure environmental sustainability</b>				
Annual freshwater withdrawals, total (% of internal resources)	..	..	18	..
CO2 emissions (kg per PPP \$ of GDP)	2.5	1	0.7	..
CO2 emissions (metric tons per capita)	3.7	0.9	0.6	..
Forest area (% of land area)	3	..	3	3
Improved sanitation facilities (% of population with access)	..	83	86	92
Improved water source (% of population with access)	..	56	59	67
Marine protected areas, (% of surface area)	..	..	..	..
Nationally protected areas (% of total land area)	..	..	..	..
<b>Goal 8: Develop a global partnership for development</b>				
Aid per capita (current US\$)	2	11	20	36
Debt service (PPG and IMF only, % of exports of G&S, excl. workers' remittances)	..	..	9	7.6
Internet users (per 100 people)	0	..	0	0.3
Mobile phone subscribers (per 100 people)	0	0	0	4
Telephone mainlines (per 100 people)	4.5	4.6	3.5	4.3
<b>Other</b>				
Fertility rate, total (births per woman)	5.1	4.5	4	3.4
GNI per capita, Atlas method (current US\$)	350	200	180	460
GNI, Atlas method (current US\$) (billions)	1.9	1.2	1.1	3.1
Gross capital formation (% of GDP)	24.8	28.7	11.5	22.8
Life expectancy at birth, total (years)	63	64	65	67
Literacy rate, adult total (% of people ages 15 and above)	98	..	99	..
Population, total (millions)	5.3	5.8	6.2	6.7
Trade (% of GDP)	63	137.5	175.3	83.4

Source: World Development Indicators database as of December 28, 2009

Annex Table 9: Summary of Achievements of the CAS Objectives.

Pillar 1: Improve business opportunities in rural and urban areas			
		Actual Results (as of September 2009)	Comments
<u>Objectives</u>	Reduce cost of doing business (licensing, time spent with public officials) as measured by regular IFC surveys		Moderately Unsatisfactory
	Improved access to financing by private businesses		
	Improved access to agricultural land as measured by issuing at least 60,000 family farm use right certificates by the end of 2008		
	More competitive cotton markets as measured by market conforming changes in farm gate prices of inputs and outputs		
<u>Major Outcome Measures</u>	<b>1. Reduce cost of doing business (licensing, time spent with public officials) as measured by regular IFC surveys</b> Improve business environment by reducing costs and time imposed on Government regulation on businesses as measured by surveys (IFC SME survey)	The cost of starting a business fell from 85.1% of GNP per capita in 2006 to 24.3% in 2010.  The 2008 BEEPS survey confirms that 60 percent of the firms that responded in Tajikistan continue to face hurdles in all fronts	Some progress  Source: Doing Business Indicators
	Streamlining of the licensing and permits systems by reducing the number of licensed activities by 50%	The adoption of the Law on "On Licensing" took place in July 2006. The number of activities subject to licensing has been reduced from 1,500 in 2006 to 65 in 2009.	Good progress
	Increased share of private sector (from 50% in 2004) including completing the 2004-2007 Privatization Plan for medium and large enterprises	No baseline or actual result information provided.  Implementation of the 2004 Privatization Program led to the sale of around 500 large and medium enterprises. However, state continues to own the largest and most strategic enterprises in the country. The size of the private sector relative to GDP was around 55 percent in 2007	Little progress
	<b>2. Improved access to financing by private businesses</b>		
	Conditions created for access to better financing SMEs through the Tajik Micro and Small Enterprises and Regional leasing facilities	Tajikistan leasing portfolio across all financial institutions grew 860% from 2006 to 2008, reaching \$21.7 million. (IFC support)  Microfinance institutions have grown in number and types and now serve 50,000 clients. The number of MFOs increased from 30 in 2006 to 103 April 2009  Lending by micro-credit organizations grew by 200% in 2006 and a further 80 percent in the first half of 2007, but the sector remains small with a portfolio of US\$37 million  By June 2008 credit to the private sector was estimated at 20.7 percent of the GDP, compared to 14.4 percent in 2005.	Some progress Achieved but gains are at risk (Recently, the financial sector is coming under stress from the forced lending from the government to commercial banks to on-lend to the cotton sector, now up to 18 percent of the banking sector capital (April 2009.) The likely effects of the global crisis on the banking sector represent an additional risk factor, even if banking appears well capitalized and non-performing loans are at 7.9 June 2009)
	Increased access to financing for new housing	No data	
	<b>3. Improved access to agricultural land as measured by issuing at least 60,000 family farm use right certificates by the end of 2008</b>		

	Equitable and pro-poor farm debt resolution strategy for cotton farms agreed and under implementation	Cotton debt resolution strategy adopted in May 30, 2009 and has not been implemented.	
	At least 60,000 land certificates issued to individual land-users	As of the end of April 2009 a cumulative total of 2,488 certificates had been issued.	Some progress
	Rehabilitation of irrigation infrastructure in 10 rayons	Delayed	
	<b>4. More competitive cotton markets as measured by market conforming changes in farm gate prices of inputs and outputs</b>		
	Reform of the Commodity Exchange completed	Dropped	Dropped
<b>Ongoing Pre-CAS Lending</b>	Farm Privatization Support	IEG outcome rating: Moderately Satisfactory (PPAR)- Closed in FY06	
	Rural Infrastructure Rehabilitation	IEG outcome rating: Unsatisfactory	
	Community Agriculture and Watershed	IP: Satisfactory; DO: Satisfactory (as of 06/2009)	
	Land Registration and Cadastre System	IP: Moderately Satisfactory, DO: Moderately Satisfactory (as of 7/2009)	
	Lake Sarez Risk Mitigation	IEG outcome rating: Satisfactory- Closed in FY07	
<b>Lending</b>	Policy-Based Grants (FY06-FY08)	3 approved- FY07, FY08 and FY09 (pipeline)	
	Ferghana Valley Water Resources Mgmt	Approved in FY06 IP: Moderately Satisfactory; DO: Moderately Satisfactory (as of 8/2009)	
	Cotton Development	IP: Moderately Unsatisfactory; DO: Unsatisfactory (as of 03/2009)	
<b>AAA</b>	Private Sector Policy Note	FY07	
	ICA	FY05	
	Fiscal policy for growth and development in Tajikistan	FY08	
	Public Sector Pay Reform Policy Note (civil service, health, education, social protection, culture, sport and science)	FY09	
	Multi-Sector Constraints Assessment	FY09	
	Women's Access to Land and Financial Markets	FY09	
	Financial Sector Dialogue	FY08	
	PSD Policy Dialogue	FY08	
<b>Pillar 2: Preserve and enhance the quality of health and education</b>			
		<b>Actual Results (as of September 2009)</b>	<b>Comments</b>
<b>Objectives</b>	Increased primary school completion rate and improved learning achievements in localities supported by the IDA program		Moderately Satisfactory
	More equitable allocation of resources in health and education using per capita criterion		
	Increased consumption of safe water for Dushanbe and selected towns		
	Improved access to, and quality of health services		
	Reduce the growth rate of HIV prevalence among identified intravenous drug users, commercial sex workers, prisoners, migrants, and out of school unemployed youths.		
<b>Major Outcome Measures</b>	<b>1. Increased primary school completion rate and improved learning achievements in localities supported by the IDA program</b>		
	Increase primary completion rates in 7 rayons	No Baseline information provided In 7 rayons, primary completion rates at 99.85% in the areas with IDA support.	Good progress
	Improved learning conditions in 7 rayons		



	70 school buildings rehabilitated	132 schools buildings have been rehabilitated.	Good progress
	300 teachers with secondary education trained and awarded diplomas in 7 rayons	370 teachers with secondary education have been trained in the pilot areas.	Good progress
	<b><u>2. More equitable allocation of resources in health and education using per capita criterion</u></b>		
	Equitable regional allocation of expenditures by movement to formula allocation based on per capita financing	In health, the Government adopted a decree on allocation at least of 40% of total health expenditure to district level which was complied with in 2008.	
	Public expenditure allocation based on per capita financing	There was no per capita funding in 2006. Per capita education funding was implemented in 12 rayons, ready to be expanded nation-wide. In health, per capita financing for primary health care in WB project pilot areas but oblast pooling has yet to be implemented. Limited progress implementing the basic benefit package	
	Increased community participation in decision making process in schools in 7 rayons	In education, 100% of PTAs in schools covered by IDA program active in 2009.	
	<b><u>3. Increased consumption of safe water for Dushanbe and selected towns</u></b>		
	25% of water network rehabilitated in Dushanbe	No baseline or actual result information provided.  In Dushanbe, 75 percent of the population now receives continuous, 24-hour service; and more than 65 percent of the population now receives water with low turbidity as compared to 52 percent in 2003.	Some progress
	<b><u>4. Improved access to, and quality of health services</u></b>		
	Increased immunization coverage rates	Percentage of children ages 12-23 months immunized for measles has gone down from 86% in 2005 to 85% in 2007, while the percentage of children ages 12-23 months immunized for DPT has increased from 85% in 2006 to 86% 2007	Source- DDP as of October 2009
	Progressive reallocation of public health spending from hospitals to primary health care	No information provided	
	More equitable financing of health services, both in primary health care (through per capita financing) and hospitals (through basic benefit package implementation)	Progress in implementing per capita financing for primary health care in WB project pilot areas but oblast pooling has yet to be implemented. Limited progress in implementing the basic benefit package.	Little progress
	<b><u>5. Reduce the growth rate of HIV prevalence among identified intravenous drug users, commercial sex workers, prisoners, migrants, and out of school unemployed youths.</u></b>		
	Tajikistan beneficiaries submit at least 10% of the total proposals to the regional Central Asia AIDS fund	Tajikistan has received around 30 percent of the small grants approved Central Asia AIDS during the first and the second cycles, exceeding original expectations..	Good progress
<b><u>Ongoing Pre-CAS Lending</u></b>	Education Modernization	IP: Satisfactory; DO: Satisfactory (as of 06/2009)	
	Poverty Alleviation 2	Closed in 2007- IEG Rating: Satisfactory	
<b><u>Lending</u></b>	Policy-Based Credit	IP: Satisfactory; DO: Satisfactory (as of 10/2006)	
	Policy Based Credit 2	IP: Satisfactory; DO: Satisfactory (as of 02/2008)	
	Basic Health	IP: Highly Satisfactory; DO: Satisfactory (as of 07/2009)	
	Programmatic Development Policy Grant 3	Pipeline FY10	
	Health Sector Strategy Support	Pipeline for FY10	
	Avian Influenza and Human Pandemic Preparedness and Response	IP: Satisfactory; DO: Moderately Satisfactory (as of 10/2008)	
<b><u>AAA</u></b>	Programmatic PER	FY07 and FY08	

	The context for community driven development in Central Asia : Local institutions and social capital in Kyrgyz Republic, Tajikistan and Uzbekistan - first phase report , CDD experience and lessons to date	FY07	
	Programmatic Poverty Work	FY08	
	Health and Education IFA	FY08, FY09	
	Immunization resource tracking exercise : case study on the Republic of Tajikistan	FY08	
	Poverty Dialogue	FY08	
	Can production and trafficking of illicit drugs be reduced or merely shifted ?	FY08	
	Informal payments and moonlighting in Tajikistan's health sector	FY08	
	Poverty Assessment	FY09	
<b>Pillar 3: Improve the delivery of energy services and exploit the country's potential in hydropower</b>			
		<b>Actual Results (as of September 2009)</b>	<b>Comments</b>
<b>Objectives</b>	Improve financial viability of public utilities for energy and water in Dushanbe and selected towns as measured by increased cash collections		Moderately Satisfactory
	Create conditions for substantial growth in revenues from electricity exports and their transparent use		
<b>Major outcomes</b>	<b><u>1.Improve financial viability of public utilities for energy and water in Dushanbe and selected towns as measured by increased cash collections</u></b>		
	Improve the financial viability of energy utilities through		
	a) increased contribution by investment by internal resources to 30%;	Internally finance investment is below the 30 percent target	Little progress
	b) improve cash collections by 5% from a baseline of 53%	Target unmet	Little progress
	Improved reliability of service provision of both electricity and gas, measured by increased hours of uninterrupted service in Dushanbe and GBAO	No clear indicator	
	Remetering program well underway for the Gas system and for the Dushabe electricity system	Some 63,566 gas meters at households and 6000 electricity meters were installed	
	Improve transparency and reduce quasi-fiscal deficit in gas and electricity by 15%	The 2008 quasi-fiscal deficit stands at 12 percent, well below the level of 15 percent in 2004.	Good progress
	Improved billing collection in place for gas and energy	Collections in gas were 87% in 2007 compared with the target of 88%	
	<b><u>2.Create conditions for substantial growth in revenues from electricity exports and their transparent use</u></b>		
	Development of a commercial multi-year Power Export Agreement with Afghanistan for electricity exports from the current generation facilities	In September 2008, Tajikistan signed a Power Export Agreement with Afghanistan to export electricity surplus beginning the summer of 2010.	Good progress
	Water losses reduced by 10% for Dushanbe Vodokanal	No baseline or actual result information provided.  As for the efficiency of water services, the Vodokanal has reduced the energy spent per cubic meter of produced water by 23% from 2001 to 2007	Good progress
	At least 3 municipalities achieve 30% improvement in cost recovery	Not Achieved	Little progress
	Financial planning at local level for 3 out of 8 municipalities of the IDA program		
	Increase poor people's access to essential	125 micro-projects approved in communities,	Good progress

	economic and social services (225,000 people)	lacking economic and social infrastructure (CAWMP)	
<u>Ongoing Pre-CAS lending</u>	Lake Sarez Risk Mitigation	IEG Outcome rating: Satisfactory	
	Pamir Power		
	Energy Loss Reduction	IP: Satisfactory; DO: Satisfactory (as of 7/2009)	
<u>Lending</u>	Municipal Infrastructure	IP: Moderately Satisfactory DO : Moderately Satisfactory (as of 7/2009)	
	Dushanbe Water Supply	IP: Moderately satisfactory; DO: Moderately unsatisfactory (as of 7/2009)	
	Pamir Additional Financing	NA	
	Energy Emergency	IP: Satisfactory; DO: Satisfactory (as of 7/2009)	
<u>AAA</u>	Energy Dialogue	FY06	
	Environmental Analysis	FY08	
<b>Cross-cutting Theme- Strategic Underpinning: Improved Capacity of the State</b>			
<u>Objectives</u>	Rationalization of the budget process and investment planning in key sectors		Moderately Unsatisfactory
	Public Procurement and financial accountability systems modernized and strengthened		
	Improved National Statistical capacity		
	Improved civil service performance as a result of improved incentives, transparency and merit-based recruitment		
	Conditions created for improved policy making and execution by redesigning architecture of exec.		
	<b><u>1. Rationalization of the budget process and investment planning in key sectors</u></b>		
	Integration of development programs (integrate PRSP into Social Economic Development; combine PIP)	PRSP and NDS were aligned and integrated into the 2007-2009 PRSP and allocations to health and education have increased	Good progress
	Pilot expenditure tracking in health and education	PETS in education and health were carried out in 2006. No future PETS are in the WPA.	Good progress
	Internationally acceptable procurement law adopted	Public Procurement Law adopted in 2007 and implementation has begun.	
	<b><u>2. Public Procurement and financial accountability systems modernized and strengthened</u></b>	The procurement law that is consistent with international standards was approved in 2007, a standard bidding document was developed and registered, procurement staffs were trained and accredited, and procurement units were established in 6 entities in 2008.	
	<b><u>3. Improved Statistical capacity</u></b>		
	Improved National Accounts	No clear indicator provided	
	<b><u>4. Improved civil service performance as a result of improved incentives, transparency and merit-based recruitment</u></b>		
	Civil service pay: increase transparency by limiting in kind bonuses remuneration to 30% of total pay;	Pay has gained transparency as bonuses and in-kind payments have been integrated into the basic pay; remaining bonuses and in-kind payments make less than 30 percent of total pay.	Good progress
	Improve incentive structure by decompressing the pay scale	Government decree/resolution on the implementation of the second phase in wage decompression adopted.	
	Improve formalized process of merit based promotion	The base line in 2006 was 0 and in 2008, 80% of reported vacancies were filled competitively.	Some progress
	<b><u>5. Conditions created for improved policy making and execution by redesigning architecture of executive</u></b>		
	Streamlined responsibilities between the	Not achieved as constitutional changes are	Little progress

	Government apparatus of the President	needed.	
	Clarification of responsibilities between the different layers of government at the central, regional and local level in health and education	Yet to be completed	Little progress
<b>Ongoing Pre-CAS lending</b>	IDF grant on Public Procurement Reform & Institutional Strengthening		
<b>Lending</b>	Strengthening the National Statistical System	IP: Satisfactory; DO: Satisfactory (as of 8/2009)	
	Policy Based Credit	IP: Satisfactory; DO: Satisfactory (as of 2/2008)	
<b>Non Lending</b>	Programmatic PER	FY07 and FY08	
	Banking Sector TA	FY06	
	Education Sector Fiduciary Assessment	FY07	
	AML/CFT Assessment Tajikistan	FY07	
	FSAP Tajikistan	FY08	
	Public Sector Pay Reform	FY08	
	Financial Sector Dialogue	FY08	
	ROSC	FY09	