



# Project Information Document (PID)

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Concept Stage | Date Prepared/Updated: 20-Oct-2020 | Report No: PIDC29911

**BASIC INFORMATION****A. Basic Project Data**

Country Tajikistan	Project ID P173977	Parent Project ID (if any)	Project Name Modernizing the National Statistical System in Tajikistan (P173977)
Region EUROPE AND CENTRAL ASIA	Estimated Appraisal Date Mar 08, 2021	Estimated Board Date May 21, 2021	Practice Area (Lead) Poverty and Equity
Financing Instrument Investment Project Financing	Borrower(s) Ministry of Finance of the Republic of Tajikistan	Implementing Agency Agency for Statistics under the President of the Republic of Tajikistan	

**Proposed Development Objective(s)**

The PDO is to enable the Agency for Statistics improve statistical production, dissemination, and user satisfaction.

**PROJECT FINANCING DATA (US\$, Millions)****SUMMARY**

<b>Total Project Cost</b>	10.00
<b>Total Financing</b>	10.00
<b>of which IBRD/IDA</b>	10.00
<b>Financing Gap</b>	0.00

**DETAILS****World Bank Group Financing**

International Development Association (IDA)	10.00
IDA Credit	10.00

Environmental and Social Risk Classification  
Moderate

Concept Review Decision  
Track II-The review did authorize the preparation to



continue

Other Decision (as needed)

## B. Introduction and Context

### Country Context

- 1. Despite notable accomplishments in poverty reduction over the past 20 years, Tajikistan remains a low-income IDA country with a large proportion of the population vulnerable to poverty and shocks.** Tajikistan borders China, Afghanistan, Uzbekistan, and the Kyrgyz Republic, and has a population of 9.3 million.<sup>1</sup> In the economic recovery after the 1992-97 civil war following the collapse of the Soviet Union, the country's economy grew by 7.7 percent per annum between 2000 and 2015, and the national poverty was reduced by more than half with the poverty rate declining from 82 percent in 1999 to 26.3 percent in 2019. However, Tajikistan still has the lowest GDP per capita in the Europe and Central Asia (ECA) region (US\$3520 in PPP terms in 2019). Seventy-three percent of the population is rural and heavily reliant on agriculture. Service delivery to most Tajiks is challenged by a mountainous terrain, which is 93 percent of the landlocked country. The country is prone to flooding, earthquakes and mudslides, which have a significant impact on social and economic development. Tajikistan is one of the countries in the region most vulnerable to adverse impacts from external economic shocks, seasonal food insecurity, and climate change. From 1992 to 2016, disasters in Tajikistan are estimated to have caused economic losses in excess of US\$1.8 billion, affecting almost 7 million people. Limited economic and employment opportunities and poverty have contributed to substantial labor migration overseas.
- 2. Even before the COVID-19 pandemic, Tajikistan faced a challenging economic outlook due to large fiscal and external imbalances.** Economic conditions have been volatile due to both external and internal factors. Tajikistan is heavily dependent on remittances (primarily from Russia), the somoni-denominated value of which has fluctuated between one-quarter and one-half of GDP in recent years. Fiscal revenues, heavily reliant on import-related value-added taxes, have fluctuated considerably as well. For instance, following the commodity price shock in 2014, and subsequent stagnation of the Russian economy, Tajikistan went through a cumulative 45-percent decline of both remittances and imports. The construction of the Rogun Hydropower Plant (HPP) is a high priority of the government and dominates public investment outlays. Private investment is quite low, at around 4 percent of GDP. Financial sector performance is recovering but is still struggling from the fallout of the bank bailout in 2016 precipitated by earlier excessive directed and subsidized lending by banks, which cost the budget 6 percent of GDP. SOE losses are also an additional source of fiscal pressures. According to the most recent World Bank-IMF assessment, Tajikistan remains at high risk of debt distress, with total public and publicly guaranteed debt an estimated 52.8 percent of GDP in 2020.
- 3. The COVID-19 pandemic has led to a sharp slowdown in the economy in 2020 and has been particularly hard on the poor.** Tajikistan's economy experienced its slowest economic growth since 1997 due to the adverse impact of COVID-19 pandemic-related production and travel disruptions and trade challenges with its major trading partners (China, Uzbekistan, Iran, Russia, and Kazakhstan) and sharp decline in international oil prices. Despite food-price increases, overall inflation rates fell to 7 percent. The plunge in foreign

<sup>1</sup> Official data of the Agency on Statistics under the President of the Republic of Tajikistan, 2020.



earnings slashed household consumption and fiscal revenues. Across sectors, the pandemic mostly hit hospitality and tourism services and, reportedly, wage arrears in the private sector and SOEs (incl. Rogun HPP and TALCO), which appear to be growing. The authorities estimated more than US\$2 billion in damages to the Tajik economy.<sup>2</sup> The Bank team projects growth to slow to 1.6 percent in 2020. According to the Listening to Tajikistan Survey, at the peak of the pandemic two of out five households reported reducing their consumption of food, far above report levels in 2019. Moreover, 20 percent of families reported being unable to obtain medical care and only 5 percent of families reported receiving any official aid by August 2020. Migrant remittances fell by about 15 percent year-on-year (y/y) by mid-2020, according to Tajik authorities.<sup>3</sup> Remittances dropped because of (i) the closure of air-traffic at the start of migration season, which prevented Tajik laborers from traveling abroad;<sup>4</sup> and (ii) the economic fallout in Russia, which curtailed migrant earnings.<sup>5</sup>

4. **Fiscal situation has become more difficult, not least because of lower-than-projected budgetary revenues.** The shortfall in revenues by 15 percent in 2020-H1 forced cuts and scrutiny in government expenditures. The government underfunded healthcare by about 15 percent relative to the envisaged plan for the first half of the year, while the construction of Rogun HPP remained on track. The fiscal deficit amounted to 2.3 percent of GDP by mid-2020. With financing support from IFIs, the authorities amended the 2020 state budget in mid-summer, which envisages increasing of healthcare expenditures by more than 80 percent and roll-out of the targeted social assistance program (TSA) nationwide. Eligible families will receive TJS 464 (roughly US\$45) per annum. To support the population, the government also provided tax reliefs to the private sector, increased public sector wages and pensions by 10–15 percent since September, and postponed tariff increases for electricity and municipal water from 2020 to 2021. In total, the government allocated TJS 2.2 billion (US\$220 million, or 2.8 percent of GDP) for COVID-related expenditures.<sup>6</sup>

5. **To help mitigate the impact stemming from COVID-19 shock, the WBG has been supporting the Government of Tajikistan** through technical and financial assistance: an Emergency Covid-19 response project, provision of emergency cash transfers using the TSA program, regular monitoring of the situation based on high-frequency survey of Listening-to-Tajikistan covering the issues of household wellbeing, information system via SMS-dissemination to population with key health messages under the Mobile Engage project to inform about government interventions. The fiscal deficit for 2020 is projected at 5.8 percent of GDP with envisaged emergency budget supports from the IMF (US\$190 million RCF), ADB (US\$50 million), EFSD (US\$50 million) and the expected regular budget support currently under negotiations with ADB (US\$50 million, with a US\$20 million top-up co-financing from the World Bank-led energy sector P4R project).

#### Sectoral and Institutional Context

6. **The earlier transition in Tajikistan from a centrally planned to a market-based economy brought significant changes in all areas of economic and social life and required the public administration to reform and adjust accordingly.** One of the areas the Government reformed was the National Statistical System (NSS), which includes the Statistical Agency under the President of Tajikistan (AS), formerly the State Statistical Committee. The AS and its regional and local offices oversee collection, processing and dissemination of statistical data, and take a coordinating role for the NSS, which includes Ministries and Government Agencies producing administrative statistics.

<sup>2</sup> The figure was stated by the President at the 75th Session of UN General Assembly held in September 2020.

<sup>3</sup> Russian estimates show a decline of 40 percent (y/y) for the same period.

<sup>4</sup> Tajikistan officially closed air-traffic on March 20, 2020.

<sup>5</sup> As of end-September, Tajiks without Russian citizenship cannot travel which is building a domestic social pressure as people run out of savings and cannot find jobs locally.

<sup>6</sup> In Tajik somoni terms: health 1.6 billion, TSA 400 million, SME support 180 million and agriculture seeds 20 million.



7. **The Government has taken several important steps to modernize both the AS and the NSS:**
- i. In 2000, as a first step towards modernization of the NSS, the AS announced a 3-year “Integrated Reform Program” for statistics. Some of the activities in the reform program were partially fulfilled, but many of them were not completed due to the lack of funding.
  - ii. Development of a five-year strategy (Multi-Year Integrated Statistical Plan (MISP) for 2006-2010) supported by the World Bank. A USD 5.7 million TAJSTAT 1 project supported improvement of the legal framework in the field of statistics, staff skills development, and some IT equipment. A key outcomes of the TAJSTAT I project was the development of the National Strategy for the Development of Statistics (NSDS) to be implemented during 2013-2018, the main strategic objectives of which were to (i) upgrade AS’s methodological skills and other producers official statistics, (ii) automate its work across the board, (iii) meet the basic requirements for monitoring the macroeconomic situation and poverty, and (iv) fulfill other objectives required to meet the criteria of the IMF Special Data Dissemination System (SDDS).
  - iii. Actual NSDS implementation supported by the follow-up TAJSTAT II project. Implementation of the NSDS (INSDS) aimed to (a) strengthen data collection and establish the Household Budget Survey (HBS) as the primary source for poverty monitoring; (b) align the production of GDP estimates with international standards, and achieve SDDS membership by 2016; and (c) introduce e-reporting to support a better business environment and decrease the burden on respondents in the private sector. TAJSTAT II project supported those activities and the development of a new NSDS up to 2030, which aims to strengthen the NSS to support effective achievement of country’s national development goals as set in NDS 2030.
8. **The National Development Strategy 2016-30 (NDS) of the Republic of Tajikistan envisions improving the living standards of the population** in four main areas: (i) achieving energy security; (ii) improving transport and communication connectivity; (iii) improving food security and the population’s access to good quality nutrition; and (iv) expanding productive employment. To achieve higher economic growth, Tajikistan needs to implement a deeper structural reform agenda designed to: reduce the role of the state and enlarge that of the private sector in the economy through a more favorable business climate, thus increasing private investment and generating more productive jobs; modernize and improve the efficiency and social inclusiveness of basic public services; and enhance the country’s connectivity to regional and global markets and knowledge. Addressing these development challenges, requires a well-functioning statistical system to create an evidence base for policies to reduce poverty and strengthen shared prosperity.
9. **The current Agency for Statistics is the central statistical office of the country and plays a leading role in the development of the NSS.** The importance of statistics is recognized by the Government and by other users of statistics, not just to support decision-making and assist in the design of policies but also to monitor and evaluate their impacts. The long-term social-economic programs - the two National Development Strategies of 2006-2015 and of 2016 – 2030 and the Poverty Reduction Strategies (PRS) of the Republic of Tajikistan – have stressed the importance of obtaining relevant and reliable statistical data to make decisions for successful program implementation, and demand was not simply for better statistics, but to expand the capacity to analyze and interpret statistics in support of evidence-based policy making. AS plays an important role in ensuring the conditions for the decision-making on the socio-economic development, investment climate, achieving the SDGs, with the help of a timely dissemination of reliable statistics.
10. **As any statistical system the statistical system of Tajikistan is in a permanent transition.** The data revolution, measurement of SDG’s, changing the statistical ecosystem by better utilizing administrative data and bringing in data created by private sector as well as changes needed due to COVID pandemic creates new requirements for the statistical system. It has bearings on statistical operations: improving survey operations by



modifying samples and questionnaire design; replacing where possible data generated by surveys with administrative sources and big data; improving statistical infrastructure by making use of registers outside the statistical system such as judicial registers and tax registers; digitalizing statistical materials and introducing modern business processes such as Generic Statistical Business Processes Model (GSBPM) and Generic Activity Model for Statistical Organizations (GAMSO).

11. **The statistical system in Tajikistan needs to improve implementation of the latest international statistical standards and methodologies** at the macro, sectoral and regional level by fully implementing 2008 System of National Accounts (SNA) including environmental accounting, the latest ILO standards and other which have bearing on the statistical output and its utilization by Government, private sector, investors and citizenry at large. The statistical outputs have to be presented in an open and accessible format with information downloadable and reusable. Metadata have to accompany the data which help users to understand how the statistical information was collected and compiled. These developments are not trivial and involve legal, methodological and IT issues. All these changes should be supported by IT operations. For data collections the paper questionnaires should be replaced by Computer-assisted personal interviewing (CAPI) technology. To improve statistical data processing, manipulation and dissemination data warehouse needs improvement and enhancement, data standards such as SDMX to be used in data transmission internally and externally. This includes procurement of hardware and software including creation of software specific for the AS.

12. **The change will not happen without capable human resources. HR policies have to be updated to allow recruit the best statisticians, economists and IT specialist by creating an environment for their professional growth.** Training and retraining programs have to be introduced and religiously followed. The staff mobility between the regional offices and HQ as well as between the AS and ministries where statistics are created needs to be encouraged and followed through. This project is trying to address these issues. It is hoped that it will be successful given that the Agency for Statistics has the capacity to implement the Bank's funded projects and showed success in implementation. The new project is not attesting to the fact the implemented projects are a failure, it is to address new and emerging requirements for change in the statistical system. An influx of funds and TA will help address emerging requirements in times, challenging to the statistical system.

13. **Finally, modernization of the NSS is consistent with national programs and modernization priorities on e-government and digital economy.** The state program on development of information and communication technologies (ICT) and e-government activities in government agencies, including the rules on the electronic services, lays the foundation for the development of digital government in Tajikistan. Disclosure of information of activities of state bodies through electronic information systems is further prescribed in the decrees of the President. The Government is aware that to increase efficiency in public spending, it needs reliable and timely statistical information on service delivery by sector. Furthermore, the government considers enhancing capacity of the national statistical system as essential elements of improving the investment climate to support economic growth and private sector development. Improving the transparency and quality of statistical information and reducing the reporting burden for respondents can facilitate private investment decisions and support business conditions conducive for economic growth and job creation.

#### Relationship to CPF

14. The proposed statistical operation is aligned with the objectives Country Partnership Framework (CPF) for Tajikistan 2019-23. The CPF 2019-2023 has direct reference to the importance of having access to reliable and timely data for monitoring of CPF indicators and importance of improving the efficiency and effectiveness of



the AS. The proposed operation will also help with the monitoring of socio-economic and wellbeing indicators at sub-provincial level under the Risk Mitigation Regime program that focuses on Khatlon and GBAO regions specifically.

15. The project also contributes generally to the World Bank's activities and operations in Tajikistan. It is linked to the Digital Central Asia-South Asia Initiative (D-CASA, P171382) which will establish a general framework and infrastructure for e-government in the country. The objective of the D-CASA project is to "increase access to more affordable internet, crowd-in private investment in the information and communications technology sector and improve the Government's capacity to deliver digital government services". The project is closely aligned with the D-CASA project and will utilize the infrastructure being deployed by D-CASA as it becomes available to support the modernization process and digitalization efforts in tax administration and the national statistical system. The project will also closely liaise with the Tax Reform Project (P171892) in preparation to support the interoperability of the electronic data-systems of AS and other governmental agencies (e.g. with the planned population register, with the data-systems of the border customs and Tax committee databases). Coordination with Tax Committee on the use of AS business register and taxation database maintained by the Tax Committee, and in conjunction with income data from household surveys will help improve the government's tax policy making it more progressive and support the poor and vulnerable groups of the population.

### C. Proposed Development Objective(s)

16. The PDO is to enable the Agency for Statistics improve statistical production, dissemination, and user satisfaction.

#### Key Results (From PCN)

17. The project will focus on strategic results included in the NSDS-2030 to strengthen the capacity of NSS and AS. Development results identified in consultation with AS and to be supported under the project include:

- (i) Improved organization structure and enhanced staff capacity to efficiently handle statistical production, dissemination and data analysis
- (ii) Enhanced regional statistics to support the monitoring of socio-economic indicators at subnational levels;
- (iii) Established electronic population register based on electronic household books available in all *jamoats* (subdistrict level of the government);
- (iv) Introduced into operations modernized Household budget surveys (HBS) and labor force surveys (LFS) which are properly funded by the State Budget and effectively implemented;
- (v) Enhanced System of national accounts and other statistical operations based on most recent methodologies;
- (vi) Enhanced access to anonymous household- and firm-level microdata collected by AS;
- (vii) Developed system of sectoral analysis of statistical information and a process approach to managing statistical production;
- (viii) Strengthened dissemination systems and data updating procedures, including metadata systems;
- (ix) Reduced reporting burden and further transition to electronic reporting, and
- (x) Improved website of the AS that is user-friendly and with accessible reports and relevant sectoral and anonymized survey micro-data all in open data formats.



18. Investing in these areas will help: i) consider and resolve the issue of discrepancies between data published by the AS and information received and used by other institutions; ii) improve the quality of HBS analysis and poverty statistics ; iii) ensure accurate and timely publication of data; and iv) facilitate more sophisticated analyses using anonymized microdata, including by independent researchers engaged in policy-design, v) in the integration of the various NSS databases, vi) to track NDS-2030 indicators and SDGs-2030. The strengthening of regional statistics to support monitoring of socio-economic indicators at subnational and sub-provincial levels and the establishment of the electronic population register will be used to improve social and economic policy design. Regional statistics enhancement will be helpful to address spatial disparities as well. Similarly, having an electronic population register (with frequent updates and maintenance) will allow the design and implementation of social policies that minimize inclusion and exclusion errors.

19. Key result indicators will include:

- a) Performance on the WB Statistical Capacity Index, and Statistical Performance Index
- b) Overall efficiency gain, i.e. reduced time between completion of data collection and release of key statistical indicators (such as GDP, Government Finance, Poverty and Labor statistics) to the public, including availability of anonymized micro-data for research purposes;
- c) Performance on Open Data Inventory (ODIN) indicator as measured by Open Data Watch;
- d) Semi-annual web-based survey of user satisfaction

#### D. Concept Description

18. **The project will upgrade the country’s system of state statistics to effectively support the Government’s aim to develop better economic and social policies based on evidence** by (i) providing reliable and high quality data, (ii) providing easy access to statistical data, and (iii) enhancing the use of administrative data resources and data developed by the private sector. It is envisaged that these actions will *inter alia* help the government better align public spending to strategic priorities, open space for private investment, and strengthen market institutions , which in turn, will contribute to more favorable conditions for faster private-sector led growth. The proposed project will support the implementation of the NSDS-2030 over the next four years, and will have three components: (i) Strengthening the Institutional Capacity of AS and Improving ICT Infrastructure (US\$ 4.5 million); (ii) Enhancing the system of statistical production, dissemination and data use (US\$5 million); and (iii) Project Management (US\$0.5 million)

Legal Operational Policies	Triggered?
Projects on International Waterways OP 7.50	No
Projects in Disputed Areas OP 7.60	No

Summary of Screening of Environmental and Social Risks and Impacts

Detailed project location(s) and salient physical characteristics relevant to the E&S Assessment (geographic, environmental, social)



Tajikistan is a small low-income land-locked country in the heart of Central Asia, bordering Afghanistan, China, the Kyrgyz Republic, and Uzbekistan, with an area of 143,100 km. The country has 4 administrative divisions, which in turn houses 62 districts and 440 sub-districts (jamoats). Tajikistan has mountains covering more than 90% of the country rendering livelihoods and accessibility extremely difficult. Natural hazards such as floods, earthquakes, landslides, mudflows, avalanches and heavy snowfalls are quite common resulting in significant economic losses and human casualties. It is also home to interesting endemic flora and fauna, including some protected species like the snow leopard, though their ranges and other critical habitats and protected areas are not expected to be affected by the Project. The Project will be implemented nation-wide.

Tajikistan's Human Development Index (HDI) value for 2018 was 0.656 which puts the country in the medium human development category positioning it at 125 out of 189 countries and territories. Between 1990 and 2018, the HDI value increased from 0.603 to 0.656, an increase of 8.8 percent. Gender Inequality Index, reflecting gender-based inequalities in three dimensions of reproductive health, empowerment, and economic activity-stands at 0.377, ranking it 84 out of 162 countries in 2018. Gross National Income per capita decreased by about 16.0 percent between 1990 and 2018. The agricultural sector is by far the largest employer in the country. Rural and remote areas are significantly poorer than urban settings on average and face highly volatile incomes compounded by strong seasonality. The lack of jobs led to increased labor migration, with 30 percent of the labor force working mostly in Russia. Growing remittances have led to a sharp drop in poverty, from 2012-2018 the poverty rate declined from 37.4 to 27.4 percent.

Remittances account for about 40 percent of GDP, though they have sharply declined due to pandemic crisis. Returned migrants are likely to add pressure to an already tight local labor market. Pandemic crisis has negatively impacted not only the economic activities, but also had substantial impact on food security, particularly for vulnerable populations. Pervasive governance challenges impact across sectors, including consolidation of political & economic power, and corruption. In almost every sector political and economic relations are highly personalized. It is exacerbated by intergovernmental relations, where national government agencies decide on resource allocations to sub-national units responsible for public service delivery. This system creates regional inequities in resource allocation, as well as challenges in transparent and efficient use of the public funds and open access to updated official data. Official statistics can be instrumental in evidence-based decision-making, investment climate improvement, poverty monitoring, reporting on the SDG achievements and promoting public debate on economic, financial and social issues through timely dissemination of reliable statistics. The Global Assessment of the National Statistical System (NSS) conducted in 2012 identified the following critical areas: (i) weak institutional capacity and inefficient organizational structure of the statistical system; (ii) ineffective institutional coordination between various statistical agencies and the AS; (iii) lack of well-developed human resources framework; (iv) inadequate analytical capability and qualifications of personnel of the statistical system; (v) weak statistical infrastructure, and (vi) poor physical and information technology (IT) infrastructure. These critical issues were reflected in the National Strategy for the Development of Statistics (NSDS) for 2013-2018, followed by NSDS-2030.

#### Borrower's Institutional Capacity

The project is the Bank's third project to support the Government of Tajikistan in implementation of key initiatives to statistical reforms in the country. The Agency for Statistics under the President of Tajikistan (AS) served as the implementation agency for the TAJSTAT II project (P145185) closed in 2018. Given the satisfactory performance of the Agency for Statistics in the previous project, the Bank team proposes to establish a Project Management Unit (PMU) at the AS to hold administrative, fiduciary, environmental and social (E&S) risk management and monitoring responsibilities.



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## APPROVAL

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