

**Document of
The World Bank**

FOR OFFICIAL USE ONLY

Report No. 115002-TJ

**INTERNATIONAL DEVELOPMENT ASSOCIATION
INTERNATIONAL FINANCE CORPORATION
MULTILATERAL INVESTMENT GUARANTEE AGENCY**

**PERFORMANCE AND LEARNING REVIEW
OF THE COUNTRY PARTNERSHIP STRATEGY
FOR THE REPUBLIC OF TAJIKISTAN
FOR THE PERIOD FY15-18**

May 18, 2017

**Central Asia Country Management Unit
Europe and Central Asia Region**

**The International Finance Corporation
Eastern Europe and Central Asia Region**

The Multilateral Investment Guarantee Agency

This document has a restricted distribution and may be used by recipients only in the performance of their official duties. Its contents may not otherwise be disclosed without World Bank Group authorization.

The FY15-18 Country Partnership Strategy was discussed by the Board on June 10, 2014

GOVERNMENT FISCAL YEAR

January 1 to December 31

CURRENCY EQUIVALENTS

Currency Unit = Tajik Somoni (TJS)

US\$ 1 = Somon 8.10

ABBREVIATIONS AND ACRONYMS

AIIB	Asian Infrastructure Investment Bank	IMF	International Monetary Fund
ASA	Advisory Services and Analytics		
AF	Additional Financing	L2P	Listening to the Poor
CAEWDP	Central Asia Energy and Water Development Program	MOF	Ministry of Finance
CAMP4ASB	Climate Adaptation and Mitigation Program for Aral Sea Basin	M&E	Monitoring and Evaluation
		MPI	Multi-dimensional poverty
CARFON	Central Asian Regional Fiber Optic Network	MTDS	Mid-term Development Strategy
CARs	Central Asia Road links	NBT	National Bank of Tajikistan
CASA-1000	Central Asia South Asia Electricity Transmission and Trade Project	NGO	Non-governmental organization
		NDS	National Development Strategy
CE	Citizen Engagement	NRI	Networked Readiness Index
CPF	Country Partnership Framework	NPLs	Non-Performing Loans
		NTC	National Testing Center
		PAMPPII	Second Public Employment for Sustainable Agriculture and Water Management Project
CPS	Country Partnership Strategy	PSARP	Public Sector Accounting reform Project
CSO	Civil Society Organization	PEFA	Public Expenditure and Financial Accountability
DCC	Development Coordination Council	PER	Public Expenditure Review
DPF	Development Policy Financing	PEFA	Public Expenditure and Financial Accountability
DFID	Department for International Development	PFM	Public Finance Management
DSA	Debt Sustainability Assessment	PRL	Performance and Learning Review
EBRD	European Bank for Reconstruction and Development	PSD	Private Sector Development
EDB	Eurasian Development Bank	PSRR	Public Sector Reform Roadmap
ECA	Europe and Central Asia	PPCR	Pilot Program for Climate Resilience
EEU	Eurasian Economic Union	PPP	Public Private Partnership
EFA-FTI	Education for All Fast-Track Initiative Program	READ	Russia Education Aid for Development
FCV CCSA	Fragility, Conflict, and Violence Cross Cutting Solutions Area	RETF	Recipient Executed Trust Funds
		RRA	Risk and Resilience Assessment
FSAP	Financial System Stability Assessment	RWSSP-2	Rural Water Supply and Sanitation Project 2
FM	Financial Management	SCD	Systemic Country Diagnostic
F&M	Finance and Marketing	SDC	Swiss Agency for Development and Cooperation
IFPRI	International Food Policy Research Institute	SDR	Special Drawing Rights
GDP	Gross Domestic Product	SECO	State Secretariat for Economic Affairs
GFDRR	Global Facility for Disaster Reduction and Recovery	SME	Small and Medium Enterprises
GRM	Grievance Redress Mechanism	SOE	State Owned Enterprise
GP	Global Practice	TA	Technical Assistance
GPE-4	Global Partnership for Education -4	TajStat	Statistics Agency of Tajikistan
IPSAS	International Public Sector Accounting Standards	TF	Trust Fund
HIV/AIDS	Human immunodeficiency virus/Acquired immune deficiency syndrome	TJS	Tajik Somoni
		TSA	Targeted Social Assistance
HBS	Household Budget Survey	UEE	University Entrance Exams
HPP	Hydro Power Plant	UN	United Nations
IBRD	International Bank for Reconstruction and Development	UNDP	United Nations Development Program
		UNICEF	United Nations Children's Fund
IDA	International Development Association	USD	United State Dollars
IDB	Islamic Development Bank	WBG	World Bank Group
IDF	Institutional Development Fund	WTO	World Trade Organization
IFC	International Finance Corporation		

	IDA	IFC	MIGA
Vice President:	Cyril Muller	Dimitris Tsitsiragos	Keiko Honda
Director:	Lilia Burunciuc	Tomasz Telma	Merli Baroudi
Country Manager	Jan-Peter Olters	Moazzam Mekan	
Task Team Leader:	Dinara Djoldosheva	Manizha Mamadnabieva Aimilios Chatzinikolaou	Persephone Economou

REPUBLIC OF TAJIKISTAN
Performance and Learning Review of the
Country Partnership Strategy
FY15-18

TABLE OF CONTENTS

I. INTRODUCTION	1
II. MAIN CHANGES IN COUNTRY CONTEXT	2
III. SUMMARY OF PROGRAM IMPLEMENTATION.....	5
IV. EMERGING LESSONS.....	9
V. ADJUSTMENTS TO COUNTRY PROGRAM.....	10
VI. RISKS TO PROGRAM.....	12
VII. ANNEXES	14
Annex 1. Tajikistan FY15-18 Country Partnership Strategy Updated Results Matrix	14
Annex 2. Tajikistan: FY15-18 Country Partnership Strategy, Changes to original results matrix.....	21
Annex 3. Tajikistan: FY15-18 Country Partnership Strategy, Results Matrix (original)	28
Annex 4: ASA Delivered and Planned	38
Annex 5: Planned IDA Lending and actual Deliveries for FY15-17 (USD million).....	40
Annex 6: Citizen Engagement in the Tajikistan Portfolio (FY15-16)	42

TABLES

Table 1: Summary of Risks to the Bank Group Program	13
Table 2: IPF compliance with CE corporate requirements at appraisal.....	42
Table 3: Citizen Engagement Country Roadmap Summary Table.....	45
Table 4: IFC Committed and Outstanding Portfolio In Tajikistan	47
Table 5: IFC New LTF Commitments FY15-FY17YTD	47
Table 6: Active Advisory Services Projects (As of September 2016).....	48

FIGURES

Figure 1: Assessment CE quality in Tajikistan using objective criteria	43
--	----

I. INTRODUCTION

1. This Performance and Learning Review (PLR) assesses progress in implementing the FY15-18 World Bank Group (WBG) Country Partnership Strategy (CPS) for Tajikistan, discussed by Executive Directors on June 10, 2014. The CPS's principal objectives and three broad areas of engagement—designed to lay the foundation for Tajikistan's transition to a new more sustainable development and growth model—are: (a) strengthening the role of the private sector; (b) social inclusion; and (c) regional connectivity. Anchored in the country's long-term National Development Strategy (NDS) 2016-30, the CPS also supports the government's Medium-Term Development Strategy (MTDS) 2016-20 and is aligned with the WBG's twin goals of ending extreme poverty and boosting shared prosperity in a sustainable manner.

2. Significant changes in the external environment as well as the country context affected program implementation during FY15-16. Externally, the recession in Russia, the depreciation of the ruble, and tighter immigration controls together caused a 33 percent drop in remittances in 2015 and an additional 15 percent during the first three-quarters of 2016, depressing household consumption, lowering imports, and generating fiscal pressures. Internally, the authorities, reacting to perceived security threats, introduced a number of legislative measures limiting media, political, and religious freedoms. Meanwhile, four systemically important banks became insolvent and were bailed out by the government issuing bonds totaling USD 490 million, equivalent to about 7 percent of GDP. As a result, because of the unsatisfactory macroeconomic framework and the government's equivocal commitment to certain key reforms, preparation of the series of three development policy operation (DPO) initiated in early 2015 was recently suspended.

3. Notwithstanding the different external environment and country context, the CPS's overall objectives remain relevant, albeit probably more challenging, with pillars and a results framework clearly aligned to the country's development priorities. Progress towards key objectives is broadly in keeping with expectations despite ongoing governance concerns and some setbacks such as the delayed series of DPOs noted above and prospects for an overall satisfactory outcome by end-FY18 are reasonable. In this context, and especially given its economic, physical, and social vulnerabilities, Tajikistan's transition to a new more sustainable growth model will inevitably be a gradual long-term process, requiring persistence and patience by both the government and its development partners; and, though some adjustments to planned FY17-18 lending are needed (*cf.* para. 51 below and Annex 5), no change in the CPS' principal focus—private sector development, social inclusion, and regional connectivity, as well as governance, gender, and climate as cross-cutting themes—is required or proposed at this stage

4. Besides these overall considerations, three additional factors have informed this judgement and approach. First, partly due to hardened IDA financing terms, the Tajik authorities are now reluctant to borrow for non-revenue earning investments or technical assistance and their appetite for significant changes and/or new reforms appears limited, at least in the short-term. Second, a Systematic Country Diagnostic (SCD) is now under way and due for completion by early FY18. It will provide a robust analytical foundation for Tajikistan's FY19-22 Country Partnership Framework (CPF), helping to ensure that the next CPF program remains focused on addressing the key constraints to sustainable growth, inclusiveness, and connectivity. Third, Tajikistan is one of four pilot countries under the IDA-18 Exceptional Risk Mitigation Window and thus potentially eligible for increased financing and to this end a Risk and Resilience Assessment (RRA) is also under preparation. In the circumstances, it is deemed more appropriate and client responsive to defer consideration of possible changes to the Bank Group's program until after completion of the SCD and RRA later this year and subsequent CPF consultations with the government during FY18.

II. MAIN CHANGES IN COUNTRY CONTEXT

Recent Economic Developments

5. As external conditions deteriorated, GDP growth slowed slightly, from 6.7 percent in 2014 to 6 percent in 2015, then picked up again to an estimated 6.9 percent in 2016. The latter reflected large amounts of externally-financed capital investment in construction and industry, offsetting the poor performance of services.

6. In 2015-16, lower remittances depressed household consumption and decreased imports created fiscal pressures. Owing to the recession in Russia, the depreciation of the ruble, and tighter immigration controls, remittances dropped by a third in US dollar terms in 2015 and by an additional 15.5 percent in 2016 (as of end-September), significantly dampening household consumption and consumption-related imports. Lower than expected revenues, a surge in externally-financed capital investment, and rising debt-service widened the fiscal deficit to 4.7 percent of GDP by end-2016, up from 2.1 percent in 2015.¹

7. Currency depreciation mitigated pressures on the economy and external accounts. During 2015-16, the *somoni* depreciated by about one-third against the US dollar. However, inflation remained modest, owing to sluggish household consumption, the favorable global prices of imported commodities, and a relatively tight monetary policy—the latter reflecting a major shift in wholesale transactions from foreign exchange into local currency. The drop in remittances was outweighed by a sharp contraction in imports and exports, which reduced the current account deficit from 6 percent in 2015 to an estimated 3.5 percent in 2016 (as of end-September).

8. Looking ahead, GDP growth is projected to slow to 5.5 percent in 2017 as domestic vulnerabilities remain high. While the Russian economy is expected to recover, bolstering remittances, the contingent liabilities of state-owned-enterprises (SOEs), a fragile financial sector, and limited fiscal space are together expected to slow the pace of investment and constrain growth. In the medium-term, growth is expected to accelerate as the external environment continues to improve, large-scale investment continues, and remittances recover to a higher level, albeit below recent historical averages.

9. Private sector development remains constrained by both external and internal factors. Private investment and job creation have contracted, owing externally to lower demand for the country's commodity exports and internally to lower remittances. At the same time, aggressive revenue mobilization by the government has created significant uncertainty about future tax and fee levels, as well as complaints about non-transparent tax collection. Indeed, several high-profile investors have left the country and many local businesses prefer to operate in the informal sector.

10. Risks to the outlook tilt to the downside. A weaker than expected recovery in Russia and Kazakhstan would depress remittances, while a steeper slowdown in Turkey and China could reduce exports and foreign direct investment. Risks from SOEs and the financial sector could threaten both fiscal revenues and overall economic growth. Despite the recent bailout of troubled banks and ongoing reforms, the high level of bad loans, weak capital positions, and governance issues continue to undermine financial sector performance.

11. Against this background, the government's main policy challenges are to maintain fiscal sustainability, protect pro-poor spending, and promote job creation. Key priorities include restoring financial stability and completing the fiscal adjustment, while protecting pro-poor spending and ensuring the efficient and timely implementation of the targeted social assistance program. Further progress on

¹ Fiscal balance calculations are based on preliminary Ministry of Finance data.

structural reforms would improve the business climate, helping sustain economic growth, create jobs, and reduce poverty despite a difficult external environment.

Trends in Poverty, Shared Prosperity and Gender

12. Tajikistan remains vulnerable to a wide range of shocks, any one of which could derail past gains in poverty reduction and shared prosperity. Continuing and potential shocks include: the economic downturn in Russia; electricity and heating shortages; natural disasters; regional security concerns; reliance on food imports; and external market variations. Tajikistan is also particularly vulnerable to food insecurity—the only such country in Central Asia.

13. Poverty has decreased, but not enough to promote shared prosperity among the bottom 40 percent nor to match changes in non-monetary poverty. Strong economic growth helped lower monetary poverty from 36 percent in 2012 to 31.3 percent in 2015, according to the Household Budget Survey (HBS). While remittance flows increased between May—October 2015 and again between November 2015—April 2016, the rural poor and bottom 40 per cent of households experienced declines of 3.2 per cent and 16 per cent respectively. According to the Listening to the Poor (L2P) survey, average *per capita* household income declined 24 percent between November 2015—March 2016, with lower spending on food and higher sales of household assets. However, average *per capita* incomes rose by 3.6 percent during May—October 2016 compared to the same period in 2015, driven by increased wage income (9.6 percent), agriculture and self-employment income (15.5 percent), and remittance income (17.7 percent). Poverty in Tajikistan remains a predominantly rural phenomenon, with strong seasonality due to variations in agricultural income, seasonal migration and remittances, winter electricity and food shortages, and religious holidays. Moreover, churning is significant, with poor people exiting poverty and non-poor entering poverty from one quarter to another. In the circumstances, further poverty reduction will be increasingly difficult and the risk of increased poverty rates is high.

14. Analysis of multi-dimensional poverty reveals that deprivation is higher for the bottom 40 percent compared to the top 60 percent. Education, sewerage, heating and nutrition are the main contributors to multidimensional poverty, the latter causing wasting (acute malnutrition) of 10 per cent and stunting (chronic malnutrition) of 26 per cent. According to the 2016 Global Hunger Index compiled by the International Food Policy Research Institute, *Welthungerhilfe*, and Concern Worldwide, Tajikistan remains the only country in Central Asia still experiencing ‘serious’ food insecurity. Moreover, less than 12 percent of its children are enrolled in early childhood development programs.

Box 1: Tajikistan’s Women: Economic Participation and Political Empowerment

Economic participation and political empowerment scores remain low, offsetting other positive indicators of equality. Women’s involvement in politics remained low in 2015, accounting for only 19 percent of parliamentarians. In 2014, women occupied 23.5 percent of central and local government positions, but only 17 percent of leadership positions at the central level. At local government level, however, 40 percent of *jamoat* chairpersons are women. The National Strategy for Enhancing the Role of Women supports family- and home-based businesses for a more equitable distribution of labor, increased female employment in agriculture, and retraining for unemployed women. Female owners of private enterprises increased in 2015. Though 20 percent of private sector employees are women, female managers are fewer than elsewhere in Europe and Central Asia.

Women’s take up of micro-finance and bank loans is relatively low and their size is smaller than those of men. In 2015, women accounted for about one quarter of microfinance loans and one third of bank loans. High interest rates and low access to property or other collateral mean that women tend to borrow from family or friends or to rely on remittances. Women increasingly head *dekhan* farms (13 percent in 2014 and 16 percent in 2016), but their average size is smaller than those headed by men.

15. Despite significant improvements in education and health, Tajikistan has made only limited progress in closing the gender gap. In the World Economic Forum's Global Gender Gap Index, it ranked 102 out of 142 countries with a score of 0.665 in 2014, implying little progress from its score of 0.658 in 2007. On the other hand, educational attainment scores are relatively high. To address disparities in tertiary education, the authorities established preferential quotas for young women from remote area; and data for 2015 show that more girls are now taking the university entrance examination and that 41 percent of university entrants were girls. Scores for health are also relatively high.

Emerging Development Issues

16. The executive branch of government remains highly centralized and the authorities have recently tightened internal security. Reacting to actual and/or perceived domestic and external security threats, including from religious extremism, the government has recently taken measures to restrict media, political, and religious freedoms. These include: the banning of the Islamic Revival Party (IRP), constitutional changes that effectively extend the term of the current President and bar the creation of new opposition parties, and a law requiring non-governmental organizations to register all externally-sourced grants.

17. Meanwhile, the difficult external environment and weak governance contributed to increased liquidity pressure on Tajikistan's banks. With domestic demand and consumption falling significantly in 2015-16, due mainly to lower remittances and the rapid depreciation of the *somoni*, several systemically important banks experienced liquidity shortages and became insolvent. By the 3rd quarter of 2016, non-performing loans surged to 55 percent, from 30 percent in 2015, and capital adequacy fell below the minimum supervisory threshold. At the end of 2016, the government bailed out four troubled banks by issuing bonds totaling USD 490 million, or about 7.1 percent of GDP.

18. The government is increasing efforts to diversify regional cooperation, access new markets, and attract investments from South Asia and the Persian Gulf. Its focus is on regional development initiatives in energy, transport and telecommunications-connectivity. In this connection, the CASA-1000 project launched in Dushanbe last May will not only facilitate seasonal energy exports but also promote economic and trade cooperation between South and Central Asia. Meanwhile, since Tajikistan has yet to realize the benefits of its accession to the WTO in 2012, work on post-accession reforms remains a high priority.

19. Within the ECA region, Tajikistan is most prone to weather-related and natural disasters. Extreme weather, including rising average temperatures, has caused droughts and floods of increasing severity in recent years, destroying infrastructure and other assets. In 2015, for example, floods and mudflows in Eastern Tajikistan caused damage estimated at USD 100 million. Meanwhile, climate-related risks are expected to increase in coming decades. In the circumstances, Tajikistan needs more investment and a long-term climate adaptation and mitigation strategy to protect infrastructure and community livelihoods.

III. SUMMARY OF PROGRAM IMPLEMENTATION

20. The CPS program supports the government’s long-term NDS, 2016-30 and related MTDS, 2016-20. Bank Group financial and knowledge support are organized around three strategic pillars:

- *Strengthening the role of the private sector:* creating the conditions for micro-, small- and medium-sized enterprises to expand and create jobs;
- *Social inclusion:* improving the delivery of basic social services while expanding access to higher education for poor youth and land rights for women; and
- *Promoting regional connectivity:* expanding access to regional markets and global information and knowledge through infrastructure improvements, including telecommunications.

Activities under each pillar are supported by three cross cutting themes—gender, governance, and climate change. Together, CPS pillars are intended to help create jobs, increase prospects for productive employment, and diversify economic opportunities.

Program and Portfolio Delivery and Performance

21. The Bank’s portfolio currently comprises 12 operations totaling USD 212 million, of which USD 71 million has been disbursed. It also includes six small Recipient Executed projects (REs), totaling USD 9.3 million of which USD 5.5 million has been disbursed. In addition, Tajikistan participated in three IDA-financed regional projects: 2nd *Central Asia Roads* with a commitment of USD 45 million; *Central Asia Hydromet Modernization* with a commitment of USD 6 million; and *Climate Adaptation and Mitigation Program for the Aral Sea Basin (CAMP4ASB)* with a national commitment of USD 5 million and a regional commitment of USD 4 million.

22. Tajikistan’s IDA17 financing envelope increased significantly and its lending terms changed. Originally, the indicative allocation was USD 255 million for 14 operations, including USD 195 million for 2015-17. Following a joint World Bank-IMF Debt Sustainability Assessment, which reduced the risk of debt distress from high to moderate and then to low, the terms of Tajikistan’s IDA-17 resource allocation were changed from 100 percent grant to 55/45 credit/grant and subsequently to 100 percent credit. The government subsequently decided not to borrow on the 100 percent credit terms for the *Communal Service Development Fund* project, which was dropped.²

23. These changes in IDA financing terms affected the pace of project pipeline preparation and delivery. For example, the Ministry of Finance (MOF) became more selective, allocating IDA financing to revenue-generating operations with quick and tangible economic returns, as well as priority sectors such as physical infrastructure. As for the portfolio, weak implementation and poor financial management and procurement capacity slowed disbursement, as did the country’s liquidity problems. The Bank addressed these problems proactively through quarterly portfolio review meetings. Going forward, Bank Group support for capacity development and improved procurement and financial management are expected to improve portfolio performance in the medium- and longer-term. Meanwhile, additional financing proved to be effective in scaling up the impact of successful operations and reducing portfolio fragmentation.

24. IFC’s investment portfolio comprises 14 projects totaling USD 55.1 million, of which USD 25.3 million has been committed during the current CPS to date. IFC’s investments include engagements in key sectors such as banking, including microfinance, telecommunications, and tourism.

² As of July 1, 2016, Tajikistan risk of debt distress changed accordingly IDA lending to a 55/45 credit/grant.

Furthermore, IFC's extensive program of advisory activities, independently and jointly with the Bank, focuses on improving the business environment, promoting private sector development, strengthening the financial sector, supporting agribusiness, and enabling private sector involvement in infrastructure. MIGA does not currently have a portfolio in Tajikistan. MIGA is looking to support a manufacturing project in a first-ever MIGA guarantee in Tajikistan.

25. The IFC portfolio in Tajikistan has faced increased challenges due to the worsening investment climate resulting from macroeconomic instability, financial sector crisis, and aggressive tax collection practices. IFC has had to restructure one loan to an existing client, and the likelihood of continued financial stress remains high.

Fiduciary Issues and Use of Country Systems.

26. Banking system distress is causing delays in program implementation. Liquidity shortfalls, and delays in processing transactions and issuing bank statements necessitated the transfer of several project implementation unit (PIU) designated accounts (DAs) to other banks. The Bank requested the MOF to develop an action plan to resolve these issues, including the transfer of PIU DAs to international banks outside Tajikistan or the relocation of DAs to the MOF's Central Treasury.

Partnerships and Leveraging

27. Coordination with development partners remains critical to achieving CPS objectives and supporting the government's strategic planning process. The Bank currently chairs the Development Coordination Council (DCC). Until recently, it also chaired the DCC Energy working group and is now working with other development partners in key CPS program areas, including with the Asian Development Bank (ADB) and the Asian Infrastructure Investment Bank (AIIB) in energy, the European Union (EU) in water and irrigation, Japan in health and nutrition, the United Kingdom (DfID) in public finance management and investment climate, and the European Bank for Reconstruction and Development (EBRD) in the energy and financial sectors. Responding to changes in the development institution landscape, the Bank is also exploring opportunities to engage with new partners, such as the Islamic Development Bank, the Eurasian Development Bank, as well as China and Russia, in key sectors such as education, energy, and transport. The Bank contributed significantly to the February 2015 Development Forum and worked closely with other partners and the government to inform preparation of the long-term NDS (2016-30), and the medium-term MTDS (2016-20).

28. The WBG has also reinforced its internal institutional collaboration. Strong in-country IDA-IFC collaboration led to a rising number of collaborative knowledge services and joint operations, particularly in agriculture, transport, finance and ICT.

Progress towards achieving CPS Outcomes

29. CPS outcomes are broadly on track, although achievement of some important structural reforms is at risk, as is portfolio implementation. The former is due partly to the poor macroeconomic framework and partly to weak government commitment. The latter is due mainly to the banking system crisis, which caused delays in implementation of several projects. Nevertheless, progress towards most outcomes is on track, summarized below under each pillar.

Pillar 1: Strengthening the role of the private sector

30. Preparation of a new development policy operation (DPO), initiated in early 2015, was on hold due to the unsatisfactory macroeconomic framework and the government’s currently weak commitment to key reforms. Prior actions relating to state-owned enterprise (SOE) management, targeted social assistance, tax policy and administration, inspections and insurance were completed, as were two critical macroeconomic policy measures—exchange rate unification and a revised 2016 budget—albeit with some delays. However, given increasing macroeconomic risks, the government’s decision to recapitalize banks without amending the bank resolution framework approved by parliament, and the lack of an IMF program, the DPO has been postponed to FY18.

31. Meanwhile, progress elsewhere under this pillar includes reductions in the costs of doing business and increased access to finance. Regarding the former, it now takes less time to register a business; the use of tax e-filing is increasing; an online permit application system has been established; and Tajikistan ratified the Apostille Convention. Improvements have also been made in customs administration and corporate governance, including its legal framework, and technical assistance is being provided to the central bank to help implement financial sector assessment program recommendations including those related to financial stability, bank resolution and non-performing loans. Due to its delayed implementation, the impact of the *Agriculture Commercialization* project on market surplus cannot yet be determined, but value chain training is underway and increases in market surplus are expected in the next growing season.

32. IFC and the Bank have been working together to improve access to markets, by supporting further the development of agribusiness and by improving access to energy. In this connection, IFC is helping the Ministry of Agriculture identify private investors to build and operate cold storage facilities in order to reduce output losses. In addition, IFC is supporting improved access to food markets by promoting the uptake of environmental, social and food safety practices. In early 2000s, IFC catalyzed the development of Pamir Energy, the first public-private partnership in the energy sector, which significantly improved access to electricity in remote parts of the country (Gorno-Badakhshan). Lessons learnt are applicable to potential further private investments in the sector. WB and IFC are also helping the government contract the private sector to build and operate the CASA 1000 cross-border transmission line. Finally, IFC and the Bank are working together to improve the regulatory framework for private investment in renewable energy.

33. As one of the largest foreign investors in Tajikistan, IFC has provided significant support to the financial sector. Its risk management products have been instrumental in addressing foreign exchange issues and enabled other international financial institutions to enter the market. Its advisory services have enabled several microfinance institutions to become commercial banks by strengthening their internal structures and risk management, introducing new products, and improving lending practices. IFC has also supported both regulatory and retail-level efforts to improve consumer protection.

34. Although financial and private sector reforms are crucial for Tajikistan to move towards a new growth model, progress has been limited, especially regarding tax policy and administration and financial sector restructuring. For example, state budget revenue estimates are based on overambitious tax collection targets, which together with creative tax calculations lead to undue pressure on private enterprises. Implementation of the ongoing *Tax Administration* reform project, whose main purpose is to inform and advance policy dialogue, will hopefully lead to more realistic revenue projections and a compliance-based tax administration policy. As for the financial sector, risks include poor governance, the high level of non-performing loans, uneven liquidity, and unhedged foreign exchange positions, especially in systemically important banks.

Pillar 2: Social inclusion

35. Progress under this pillar, which includes better quality health care, increased access to water and sanitation, and improved targeting of social assistance, is mixed and it is unclear whether benefits are reaching the bottom 40 percent population, who continue experiencing difficulties in accessing public education, health, and water and sanitation services. While access to water supply and sanitation under the *Municipal Infrastructure Development* and *Dushanbe Water Supply* projects has increased to more than 750,000 people in urban areas, rural populations remain largely unserved. It is also too early to tell whether education interventions have improved the quality of secondary education or increased the poor's access to higher education, although the data from the Ministry of Education suggests that more students from poor, rural areas, including girls, are entering university. Meanwhile, the *Health System Improvement* Project is supporting quality improvements through health personnel training in family medicine and performance based financing, though construction of health facilities is not keeping pace; performance-based health financing has been rolled out to 10 districts, but requires further refinement; and the roll out of *per capita* health financing agreed in 2015 has been delayed. While targeted Social Assistance reached 15 new districts in 2016 and is expected to be extended nationally by 2018, there are concerns that the government has not yet committed the required financial resources. Nutrition remains a special challenge—more than 25 percent of children under five are stunted.

Pillar 3: Promoting Regional Connectivity

36. There was progress in transport and to a lesser extent in internet connectivity, though Bank Group activities did not contribute to the latter. In transport, implementation of the *Central Asia Road Links* project is underway and two additional projects designed to improve connectivity in the south of the country to the border with Afghanistan are under preparation. Regarding connectivity, internet coverage and use is progressing, though Bank activities have not yet started. Future improvements in connectivity and internet penetration are uncertain and contingent on government commitment to liberalize the sector and commit to the regional *Digital CASA* project, which would allow Tajikistan to become a transit country. IFC is a principal investor in the country's largest mobile operator (Tcell) and is supporting efforts to expand and improve the quality of telecommunications services.

Cross-cutting priorities

37. Women's control over productive resources and their access to employment and health services has increased. Land use rights certificates, strengthening security of tenure for farmers and small businesses, have been issued to more than 350,000 beneficiaries, 43 percent of whom are women. Women also enjoyed increased access to income earning opportunities through the *Second Public Employment for Sustainable Agriculture and Water Resources Management (PAMP II)* public works program, with more than 150,000 person-days of work created.

38. Efforts to address the impact of climate change have focused on building resilience through efficient water systems and adoption of effective water and land management practices. Through the *PAMP II* and *Environmental Land Management and Rural Livelihoods* programs, canals have been cleaned and control gates installed to enhance the efficiency of irrigation systems. More than 27,420 ha of land managed by 27,986 households now benefit from improved agricultural, land and water management practices adapted to local agro-ecological conditions.

39. Oversight of aggregate fiscal risk, enhancing public procurement capacity and improving statistical capability underpinned efforts to improve governance. SOE governance and transparency are being addressed with support from the IMF, the EU and the Bank. A Fiscal Risk Management Strategy recently approved by the government seeks to minimize fiscal risks stemming from SOE operations and

establishes the foundation for improved accounting and financial reporting practices in SOEs. Further support to the MOF and SOE reform will be provided through the Bank's Second *Public Financial Management (PFM II)* project, which will provide advisory services and training to improve the MOF's regulatory function. Public procurement capacity building has supported an increase in the number of public entities applying improved procurement standards—36 compared to 23 in 2013. The Public Procurement Portal is functioning, although a procurement complaint handling system is not yet in place. Tajikistan's Statistics Agency (TajStat) has made good progress in reporting poverty indicators based on the Household Budget Survey, with poverty data available based on a quarterly moving average since 2015. Preparatory work for a planned Labor Force Survey is still ongoing.

40. The context for citizen engagement in Tajikistan is challenging. Despite strong opposition, the government amended the NGO law to give it greater control over the financing of civil society organizations. Nevertheless, the Bank Group portfolio achieved full compliance with citizen engagement requirements in both beneficiary feedback and citizen-oriented design in FY15. As in other Central Asia countries, implementation is more challenging, with some mechanisms not yet operational as agreed at appraisal. On the other hand, other projects exemplify what is possible: *Second Public Employment for Sustainable Agriculture and Water Resources Management*, *Central Asia Road Links*, and *Municipal Infrastructure Development*. Efforts to establish goals, set minimum standards, and ensure continued compliance with corporate requirements are being put in place through the citizen engagement country road map tool and the consultative process for the next CPF (*cf.* Annex 6).

IV. EMERGING LESSONS

41. Several lessons outlined below have emerged during implementation—some new, others long-standing—which, to the extent feasible, are being taken into account during the balance of the CPS. If confirmed during the Completion and Learning Review (CLR) process in FY18, they will be reflected more fully in the next CPF.

42. Lending pipelines should remain flexible to facilitate prompt adaptation to variable financing terms, changing government priorities and borrowing capacity, and the macro-fiscal environment. Specifically, harder IDA financing terms coincided with a systemic banking crisis, significantly lower remittances, and rising fiscal and liquidity pressures. Thus, despite an increase in Tajikistan's allocation and the country's improved credit rating, the government adopted a more selective borrowing strategy, earmarking IDA loans mainly for revenue-earning infrastructure projects at the expense of social sectors and 'soft' capacity building and technical assistance activities. This left important human and social development priorities underfunded, requiring adjustments to the FY17-18 pipeline.

43. The government is now less willing to use IDA financing for technical assistance activities. Thus, increased grant/trust fund resources are needed to finance capacity building and institutional development.

44. Tajikistan's continued poor governance and weak public administration impede project implementation, as well as overall economic and social development. Governance challenges in public utilities, capacity constraints in the MOF and State Investment Committee, and weak inter-agency coordination have constrained implementation of projects with multiple clients, such as the *Private Sector Competitiveness* project. In this context, all investment projects should be subject to in-depth governance analysis by use of governance checklist.

45. Tajikistan’s weak investment climate and the paucity of bankable projects hindered IFC’s plans to expand its portfolio. While the CPS envisaged IFC investments averaging USD 10-20 million annually in growth enhancing sectors such as agribusiness, energy, and mining, activities to date have been limited to advisory and investment services in the financial sector, where IFC initiated about USD 25 million of new investments during the PLR period.

46. Development policy operations (DPOs) should be based on firm agreements with the government and incorporate sufficient flexibility to accommodate emerging priorities. DPO preparation and timely delivery has proven challenging, due to weak political will, inadequate inter-ministerial coordination, an inconsistent macroeconomic framework, poor quality data, and limited analytical capacity both within the government and among the fragmented network of private think tanks. These challenges constrained the government’s to ability to achieve ‘stretch’ reforms in the energy and financial sectors and, thus, resulted in the delay of the DPO series.

47. Tajikistan remains a low capacity, high-risk implementation environment, which requires simple project designs, extensive capacity building, and significant implementation support, including to PIUs regarding Bank Group policies and procedures. The country team is addressing these challenges by ensuring that PIUs are staffed adequately, arranging frequent implementation-support missions, and scheduling regular portfolio review meetings focusing on slow-disbursing and problem projects. It is also organizing regular workshops for fiduciary, financial management, and procurement staff designed to explain Bank Group policies in these areas.

48. Data quality remains poor, constraining the Bank Group’s ability to inform its advisory services and analytics and investment project results matrices, both baselines and targets. The Bank is supporting capacity building in the statistical agencies to improve the quality of poverty and other data.

V. ADJUSTMENTS TO COUNTRY PROGRAM

49. Notwithstanding the changed external environment and country context that have affected program implementation, the CPS’s overall objectives remain relevant, albeit probably more challenging, with pillars and a results framework aligned to the country’s strategic priorities. The transition to a new more sustainable growth model will be a gradual long-term process; and, though some adjustments to the FY17-18 lending program are planned (*cf.* para. 51 below), the CPS’s principal focus on private sector development, social inclusion, and regional connectivity—as well as its governance, gender, and climate cross-cutting themes—will continue unchanged. In this connection, IFC, consistent with its 3.0 strategy, which aims to create markets particularly in IDA environments where investment opportunities are few, will explore opportunities to leverage the new IDA18 IFC-MIGA Private Sector Window (PSW) and the associated IFC’s Creating Markets Advisory Window (CMAW). MIGA will seek to utilize the MIGA Guarantee Facility of the IDA 18 IFC-MIGA PSW to support cross-border investments in Tajikistan in line with the MIGA Strategy and Business Outlook FY18-20.

50. Furthermore, IFC and the World Bank are expected to work closer together to ensure the initialization and implementation of needed reforms, and particularly in the infrastructure (i.e. energy and ICT) and financial sectors, to create space for private investments.

51. In the circumstances, with barely 18 months remaining, no extension of the CPS is proposed. Work has already started on a first Systematic Country Diagnostic (SCD), which will provide a robust analytical foundation for Tajikistan’s next Country Partnership Framework (CPF). It will also help ensure that the next CPF program remains grounded in the key constraints to sustainable growth, inclusiveness,

and connectivity. In this context, Tajikistan is considered a country ‘at risk’ of fragility, given its post-conflict status, vulnerability to natural disasters, high rate of churn into and out of poverty, and exposure to regional security risks, and may thus be eligible for increased financing under the IDA18 FCV Risk Mitigation Regime.

52. Commencing FY18, the IDA credit/grant ratio for Tajikistan will be 50/50 as long as its risk of debt distress remains moderate. Taking into account this latest change in IDA financing terms and the readiness of particular operations, several adjustments to planned FY17-18 lending have been agreed with the government and are summarized in Annex 5 (Planned IDA Lending and Actual Deliveries, FY15-17). The main changes are: (a) the re-scheduling of the series of three DPOs totaling USD 60 million, originally planned for FY16-18, to FY18-20, with DPOs-2 and 3 slipping to the next CPF—for the reasons already noted above; (b) the re-configuration, re-scheduling, and upgrading of the erstwhile *Winter Energy/Nurek Hydropower Rehabilitation* project³, originally programmed for USD 30 million in FY16 to USD 230 million in FY17, including using resources from the Scale-Up Facility (SUF) under IDA17. *Nurek* is a Soviet-era mega-project accounting for about 70 percent of Tajikistan’s electricity supply, whose extensive rehabilitation, advocated by and prepared with help from the Bank, is a long-standing, urgent national strategic priority. This explains the timing and large size of the project and its proposed financing, the largest in Tajikistan to date, which also largely accounts for the increase in planned FY15-18 lending from the USD 255 million foreseen in FY14 to the USD 485 million now envisaged; and (c) a tentative strengthened pipeline for FY18, the first year of IDA18. In addition, the proposed Strengthening Critical Infrastructure against Natural Hazard project aims at improving Government’s capacity in preventing and managing natural hazard risks which cause recurrent damage to the infrastructure, livelihoods, and the economy at large. The above projects are based on the assumption of Tajikistan’s increased country allocation under IDA18 including potentially through the FCV Risk Mitigation Regime. Based on the RRA and its accompanying implementation note, these interventions will be designed and adjusted as necessary to support the country in addressing the fragility risks its faces, and lay the ground for further Bank support under IDA18 in the next CPF.

53. Overall, the results matrix remains valid, though revisions to a number of indicators and milestones have been made. New indicators have been added under the private sector development pillar to measure the quality of tax system performance and expanded access to financial services. A number of milestones have been revised to ensure consistency with projects’ results; some of milestones have been dropped due to lack of direct link with World Bank financed projects; and most of milestones have been reformulated to provide more clarity while keeping their original concept. One milestone has been added under the cross-cutting pillar to monitor improved access to data on poverty and employment.

54. Proposed ASAs are critical to inform new operations in both the current CPS and next CPF, especially given the prospective doubling of resources available under IDA-18. Bank Group support will include analysis to help identify new drivers for growth, resolve troubled banks and restore financial sector stability, jobs, an aviation sector diagnostic, and a poverty diagnostic in water and sanitation.

³ Restoration of the generation capacity of Nurek HPP is essential for meeting the domestic demand and improving the financial viability of the Tajik energy company. Specifically, rehabilitation of Nurek HPP will reduce the amount of un-met electricity demand in winter, which will reduce the amount of foregone economic revenue due to power outages, thus, contributing to private sector led economic growth. The project supports the World Bank’s twin goals through: (i) precluding a decrease in generation of low-cost electricity from Nurek HPP, which would need to be replaced by significantly more expensive thermal generation; and (ii) boosting shared prosperity by improving power supply reliability to residential consumers, as well as commercial enterprises in Tajikistan. The project contributes to the CPS for FY2015-18 key strategic objectives and, in particular, the project supports Pillar 1 of the CPS, "Strengthening the role of the private sector."

VI. RISKS TO PROGRAM

55. The main risks to the program —macroeconomic, political and governance remain high and essentially unchanged for final 18 months CPS. Similarly, risk to the program related to the **sector strategies and policies** remain substantial. Adverse external conditions in 2015-16, compounded by an unsatisfactory macro-economic framework and delayed or partially stalled structural reforms, negatively affected the transition to a new growth model based on increased private sector investment. Thus, the programmatic series of three DPOs commencing FY16 did not materialize and, as planned in this eventuality, CPS support for the private sector focused on foundational reforms and for poverty reduction and shared prosperity on investment in basic human needs, social services, and infrastructure. This alternative approach will continue for the remainder of the CPS, backed by continued support for modernization of Tajikistan’s public administration and financial management systems.

56. Institutional capacity and fiduciary risks remain substantial. Continuous capacity building in procurement, financial management, monitoring and evaluation, as well as safeguards will remain a priority area and an essential part of the WBG program in Tajikistan for the remainder of the CPS. The WBG will continue providing enhanced implementation support to the client mobilizing global knowledge and technical expertise to the ongoing investment operations.

57. By contrast, security and conflict risk to the program and more broadly to the country’s development posed by its social fragility may be increasing. For example, lower remittances, a *de facto* social safety net, have increased economic vulnerability, and continuing conflict and insecurity in Afghanistan and the Middle East have raised the risks of radicalization among unemployed youth and returning migrants. **The Bank is completing a rapid fragility assessment and is in dialogue with development partners, including UN agencies, to coordinate analysis and response.** Further, as one of four pilot countries under the IDA-18 FCV Risk Mitigation Regime, Tajikistan is eligible to receive additional IDA resources on top of its regular country allocation to directly target symptoms of fragility.

58. Finally, following recent developments in Uzbekistan, prospects for improved regional dialogue and cooperation may be improving. In this connection, the Bank is contributing to dialogue to inform and promote regional cooperation, especially in water and energy management, and supporting regional initiatives in data and knowledge sharing and climate change mitigation. It is also promoting Central Asia-South Asia regional energy trade through the CASA-1000 transmission line project, which will generate significant economic benefits for Tajikistan and serve as a platform for intensified longer-term regional cooperation.

Table 1: Summary of Risks to the Bank Group Program

Risk categories	Rating
1. Political and governance	H
2. Macroeconomic	H
3. Sector strategies and policies	S
4. Technical design of project or program	M
5. Institutional capacity for implementation and sustainability	S
6. Fiduciary	S
7. Environment and social	M
8. Stakeholders	M
9. Other (security/conflict)	S
Overall	High

Ratings are high (H), substantial (S), moderate (M), low (L). The risk assessment applies to the remainder of the CPS period and is based on the Systematic Operations Risk-Rating Tool (SORT).

VII. ANNEXES

Annex 1. Tajikistan FY15-18 Country Partnership Strategy Updated Results Matrix

Milestones and Outputs	CPS Outcomes	Main instruments
<i>Pillar 1: Strengthening the role of the private sector</i>		
<ul style="list-style-type: none"> • Business registration, permitting and inspections are simplified • Modernization of tax administration including e-filing, risk based audit, appeals reforms are implemented • Reforms to create more efficient and business friendly tax system • Legal regulatory framework for bank supervision is developed and implemented • Supervisory capacity of the National Bank of Tajikistan is strengthened • Deposit insurance scheme is developed 	<ul style="list-style-type: none"> • Average cost to comply with business regulation decreased: <i>Baseline (2012): US\$470</i> <i>Target (2018): US\$250</i> • Number of entrepreneurs using electronic services to comply with business regulations, particularly tax reporting and permit applications: <i>Baseline (2013): 2100</i> <i>Target (2018): 6000</i> • Primary performance index (Taxpayers satisfaction survey, Tax Committee, RT): <i>Baseline (2017): 47 percent</i> <i>Target (2018): 70 percent</i> • Increased access to finance for MSME (measured in the number of loans provided), of which 80% are well performing: <i>Baseline (2012): 54,000</i> <i>Target (2018): 200,000</i> • New loans using collateral agency: <i>Baseline:0</i> 	<p><u>WB Ongoing:</u> Private Sector Competitiveness project (FY 12-18) Tax Administration (FY 12-19) Tax system analysis (DPO1)</p> <p><u>WB Planned:</u> DPO 1-3 (FY16-18) Financial sector development (FY18)</p> <p><u>IFC Investment Ongoing (Financial Sector):</u> Outstanding investment portfolio in the financial sector and services comprised of 11 projects with 5 clients</p> <p><u>IFC Ongoing Advisory:</u> Tajikistan Business Regulation and Investment Policy Project (FY13-15) Financial Markets Infrastructure (FY09-16) Central Asia Corporate Governance Project Phase II (FY13-16) Transformation for MFIs in Tajikistan (FY09-17) Electronic & Digital Financial Services in Azerbaijan and Central Asia project (EDFS in ACA) Central Asia Agri-finance Project (FY14-19)</p> <p><u>ASA and TA:</u> WB Financial Sector Policy Dialogue (FY17) Strengthening Bank regulation (FY14-15)</p>

Milestones and Outputs	CPS Outcomes	Main instruments
	<p><i>Target: 4,878</i></p> <ul style="list-style-type: none"> • New loans using Credit Bureau: <i>Baseline:0 MSMEs</i> <i>Target: 128,000 MSMEs</i> 	<p>Legal Framework for Secured Transactions (FY15) Insurance Market Development (FY15) Tajikistan #D001 Financial Stability (FY 19) Strengthening the Financial Sector (FY 18) Tajikistan PEFA 2016 Supporting Tajikistan's PPP program (FY 17) <u>Trust Funds:</u> FIRST TA on supervision (FY12-16, FY17-19) <u>Planned through Global Practices with IBRD:</u> Mobile Banking (FY15-19) Trade and Competitiveness (FY18)</p>
<ul style="list-style-type: none"> • Access of farmers to finance is improved • Agriculture extension services are available • Farmers capacity building program is developed and delivered 	<ul style="list-style-type: none"> • Number of small farmers reporting increased marketed surplus of selected agricultural products <i>Baseline (2013): 0</i> <i>Target (2018): 4,000</i> 	<p><u>WB Ongoing:</u> Agriculture commercialization project (FY14) Land Registration & Cadaster (FY05-15) PAMP II (FY13-18) Ferghana Valley Water Resource Management Project (FY 06-14) (completed) Real Estate Registration Project (FY16) <u>IFC Ongoing Investments:</u> Tourism Promotion Services Tajikistan Ltd. (TPST) <u>IFC Ongoing Advisory:</u> Tajikistan Cold Storage (PPP) Central Asia Agri-finance Project (FY14-19) ECA Region Agribusiness Standards (FY14-16) <u>IFC Investments Planned:</u> Potential investments in agribusiness and food retail (FY17-18)</p>

Milestones and Outputs	CPS Outcomes	Main instruments
		<p><u>ASA and TA:</u> Rural Investment Climate Assessment, RICA (FY14) Agriculture Sector Update (FY14-15) KP Tajikistan Irrigation Strategy (FY 14-15) Joint study with IFC on sustainable farm advisory systems (FY16)</p>
<ul style="list-style-type: none"> • Study on energy efficient stoves in rural areas is delivered and disseminated • Revenue management program to finance winter energy investments is developed and under implementation • Action plan for Barki Tajik financial viability developed through enhanced cooperation among development partners and Tajik Government is prepared and agreed. 	<ul style="list-style-type: none"> • Improve financial performance of Barki Tajik: <i>Baseline (2013): Cash collected from electricity sales is about two times lower than short term cost recovery requirements</i> <i>Target (2018): Cash collected from electricity sales are equal or above short term cost recovery levels</i> • Barki Tajik transparency and accountability: <i>Baseline (2013): audit reports for 2011 and 2013 issued with disclaimer of auditor's opinion</i> <i>Target (2015-18): audit reports issued with qualified opinion</i> 	<p><u>WB Ongoing:</u> DPO 1-3 (FY16-18) Energy Loss Reduction (FY 05-15) (completed) CASA-1000 (FY14) MDTF for Community Support Program (FY15) Nurek HPP rehabilitation (FY17)</p> <p><u>ASA:</u> TA Review of Rogun HEP assessment process (FY11-15) TA Tajikistan Energy Sector Dialogue (FY15) TJ Addressing Energy Deprivation (FY14)</p> <p><u>Trust Funds:</u> Swiss Energy Loss Reduction (FY 14)</p> <p><u>IFC Ongoing Advisory:</u> Tajikistan Infrastructure Investment (FY09-16)</p> <p><u>IFC Advisory Planned:</u> Potential PPP transaction advisory for hydropower projects</p> <p><u>IFC Investments Planned (Energy):</u> Potential investments in hydropower</p>
Pillar 2: Social inclusion		

Milestones and Outputs	CPS Outcomes	Main instruments
<ul style="list-style-type: none"> • Institutionalization of university entrance examinations • Education quality assurance mechanisms is developed and being implemented 	<ul style="list-style-type: none"> • Increased share of poor students (bottom 40 percent) in the overall higher education institutions' enrollment (HBS): <i>Baseline (2007): 13 percent</i> <i>Target (2018): 17 percent</i> 	<p><u>WB Ongoing:</u> GPE4 (FY13-16)</p> <p><u>WB Planned:</u> DPO (FY18) Higher Education Project (FY16)</p> <p><u>ASA:</u> Higher Education Sector Study (ASA) (FY15) Governance in Service Delivery 3 (FY16) Household Budget Survey (FY17-18)</p> <p><u>Trust Funds:</u> READ Tajikistan - Phase two – RE (FY 14)</p>
<ul style="list-style-type: none"> • The Municipal Infrastructure Development Plan is developed and approved • Coverage to improved water supply in urban areas is extended to other cities 	<ul style="list-style-type: none"> • The number of beneficiaries provided with improved water supply and sanitation service in urban settings: <i>Baseline (2013): 0</i> <i>Target (2018): 847,000</i> 	<p><u>WB Ongoing:</u> Municipal Infrastructure Development Project (FY 06-15) Dushanbe Water Supply II (FY 11-15)</p> <p><u>Trust Funds:</u> Grant for Preparation of CSDF Project (FY 14)</p> <p><u>WB Planned:</u> National Sanitation Project (FY18)</p>
<ul style="list-style-type: none"> • Capacity building training to establish targeted poverty benefits program is provided • Pilot targeted poverty benefits program is extended nationwide. 	<ul style="list-style-type: none"> • Share of total population covered by targeted social benefits: <i>Baseline (2013): 23 percent</i> <i>Target (2018): 100 percent</i> 	<p><u>WB Ongoing:</u> Social Safety (FY 11-15)</p> <p><u>WB Planned:</u> Social Safety AF (FY18) DPO (FY18)</p> <p><u>ASA:</u> Tajikistan Review of Social Safety Nets Reform (ASA) (FY15)</p>

Milestones and Outputs	CPS Outcomes	Main instruments
<i>Pillar 3: Promoting regional connectivity</i>		
<ul style="list-style-type: none"> Improved road connectivity between the northern Tajikistan and the southern Kyrgyzstan 	<ul style="list-style-type: none"> Satisfaction of road users (beneficiaries) with the improvements along completed road sections under the Regional Central Asia Road Links Program – Phase 2 <i>Baseline (2015): 0 percent</i> <i>Target (2018): 30 percent</i> Volume of freight through selected the Regional Central Asia Road Links Program-Phase 2 international border crossing points. <i>Baseline (2015): 359,838 ('000 tons)</i> <i>Target (2018): 410,000 ('000 tons)</i> 	<p><u>WB Ongoing:</u> Central Asia Road links (FY 15)</p> <p><u>ASA:</u> Central Asia ICT KP (FY14) Central Asia Regional Rail Study (FY15)</p> <p><u>WB Planned:</u> CARS4 (FY18) Road Sector Improvement Project (FY 18) Tajikistan Turkmenistan Railways Project (FY18)</p> <p><u>IFC Ongoing Investment:</u> TCELL</p> <p><u>ASA:</u> Multi-modal Transport Study (FY16) Aviation ASA (FY17, under CARS2)</p>
<i>Cross-pillar priorities</i>		
<ul style="list-style-type: none"> Better opportunities for women to health care services are provided Opportunities for tertiary education increase through establishment of NTC More employment opportunities and crop production through improved irrigation Better access to land and other rural productive assets are provided. 	<ul style="list-style-type: none"> Increased gender empowerment through increased access to employment opportunities, land use rights, mother and child health <i>Baseline (2013): 86,000</i> <i>Of which: employment 22,200; land certificates 63,800. micronutrients and nutrition education for pregnant women - 0</i> <i>Target (2018): 258,200</i> <i>Of which: employment 77,200; land certificates 136,000; Micronutrients and nutrition education for pregnant women: 45,000</i> 	<p><u>WB Ongoing:</u> TJ Health Services Improvement (FY13-19) PAMP II (FY13-17); Agriculture Commercialization (FY14)</p> <p><u>WB Planned:</u> Zerafshan Irrigation Rehabilitation Project (FY18) AF for Agriculture Commercialization (FY18)</p> <p><u>Trust Funds:</u> IDF-Health Care Policy Monitoring Project (FY 16) Japanese Social Development TF (FY14-18) Environmental Land Management and Rural Livelihoods Project (FY13-17)</p>

Milestones and Outputs	CPS Outcomes	Main instruments
		<p><u>WB Ongoing:</u> PAMP II (FY12-18) FVWRMP (FY05-14)</p> <p><u>ASA:</u> Climate Change Issues Note (KP, FY 14) Micronutrient Status Survey for Tajikistan (FY 17)</p>
<ul style="list-style-type: none"> • Building resilience into water use and management through enhanced water efficiency in agriculture (through rehabilitation investments, capacity and institutional strengthening) and domestic use (improved water supply and sanitation systems) • Improved irrigation and drainage infrastructure • Support to the development of improved policies and institutions for water and land management; 	<ul style="list-style-type: none"> • The number of households supported to adopt sustainable, climate resilient, water and land management practices <i>Baseline (2013): 0</i> <i>Target (2018): 21000</i> <i>Of which women (2018): 40%</i> • Number of users provided with water efficient systems for productive or domestic uses <i>Baseline (2013): 0</i> <i>Target (2018): 514,000</i> 	<p><u>WB Ongoing:</u> Environmental Land Management and Rural Livelihoods-GEF/PPRC (FY 13-18); PAMP II (FY12-18), CAMP4ASB (FY15)</p> <p><u>WB Planned</u> Zeravshan Irrigation Rehabilitation project (ZIRP, FY17)</p> <p><u>ASA:</u> Agriculture Sector Update (KP)- FY 14-15 Central Asia Energy and Water Development Program (CAEWDP, FY 11-15),</p>
<ul style="list-style-type: none"> • An action plan developed for elimination of QFDs 	<ul style="list-style-type: none"> • Oversight of aggregate fiscal risk from other public sector entities is strengthened <i>Baseline (2012): PEFA</i> <i>2012score for PI-9 C+</i> <i>Target (2018): PEFA 2018</i> <i>score for PI-9 no less than B+</i> 	<p><u>WB Ongoing</u> Macro-monitoring Programmatic Public Expenditure Review PFM APL II (FY15)</p> <p><u>WB Planned:</u> DPO (FY18) PER-2 (Joint Policy Notes with Government) PEFA (2018)</p>
<ul style="list-style-type: none"> • Increase in certified Public Procurement professionals by 100 people by FY 16 	<ul style="list-style-type: none"> • Public Procurement Portal and complaint handling system established and functioning 	<p><u>Ongoing and planned Trust Funds:</u></p>

Milestones and Outputs	CPS Outcomes	Main instruments
<ul style="list-style-type: none"> • Legal framework to create complaint handling system is enacted • Increased capacity of entities to procure per improved standards. 	<p><i>Baseline (2013): No</i> <i>Target (2018): Yes</i></p> <ul style="list-style-type: none"> • All public bidding opportunities and contract award results are published <p><i>Baseline (2013): 0 percent</i> <i>Target (2018): 100 percent</i></p>	<p>ECA PFM TF – Public Procurement Capacity Building TA to State Procurement Agency to improve Complaint Handling System IDF Grant to Improve Public Procurement Portal and e-Procurement</p>
<ul style="list-style-type: none"> • CSO engagement indicator is included into each project design • Citizen Engagement Roadmap for Tajikistan program is developed and used during project preparation and implementation. 	<ul style="list-style-type: none"> • Number of WBG projects and IFC advisory services that are implemented and monitored in collaboration with CSOs/NGOs is increased: <p><i>Baseline (2013): 37 percent</i> <i>Target (2018): 100 percent</i></p>	<p><u>ASA:</u> Governance Checklist for all projects <u>Planned Trust Funds:</u> GPSA</p>
<ul style="list-style-type: none"> • Evidence-based tools and approaches in poverty and labor force measurement are developed and mainstreamed in national statistical system • Frequent regular poverty monitoring is conducted (listening to Tajikistan survey, L2T) 	<ul style="list-style-type: none"> • Improved access to data on poverty and employment: <p><i>Baseline (2013): No poverty and unemployment rates reported</i> <i>Target (2016): Poverty and unemployment rates reported in a quarterly moving average</i></p>	<p><u>ASA:</u> CAPPAS DFID (FY13-FY15) ECASTAT project (FY15-18) Programmatic poverty studies (FY15) L2T survey (FY17-18)</p>

Annex 2. Tajikistan: FY15-18 Country Partnership Strategy, Changes to original results matrix

Milestones in the Original CPS Results Matrix	Milestones in the Revised CPS Results Matrix	Outcomes in the Original CPS Results Matrix	Outcomes in the Revised CPS Results Matrix
<i>Pillar 1: Strengthening the role of the private sector</i>			
<p>1. Reducing costs for businesses</p> <ul style="list-style-type: none"> • Business environment and regulatory reforms to simplify business registration, permitting, and inspections • Modernization of tax administration including e-filing, risk based audit, appeals reform, modernization of IT systems, and capacity strengthening for officials <p>2. Strengthening financial markets</p> <ul style="list-style-type: none"> • Strengthen supervisory capacity of National Bank of Tajikistan • Providing TA to Agroinvestbank restructuring 	<p>Revised to:</p> <ul style="list-style-type: none"> • Business registration, permitting and inspections are simplified • Modernization of tax administration including e-filing, risk based audit, appeals reforms are implemented • Reforms to create more efficient and business friendly tax system <p>Revised to:</p> <ul style="list-style-type: none"> • Supervisory capacity of the National Bank of Tajikistan is strengthened <p>Revise to drop:</p>	<ul style="list-style-type: none"> • Average cost to comply with business regulation decreased: <i>Baseline (2012): US\$470</i> <i>Target (2018): US\$250</i> • Number of entrepreneurs using electronic services to comply with business regulations, particularly tax reporting and permit applications. <i>Baseline (2013): 2100</i> <i>Target (2018): 6000</i> • Increased access to finance for MSME (measured in the number of loans provided), <i>Baseline (2012): 54,000</i> <i>Target (2018): 85,000</i> 	<p>Unchanged</p> <p>Unchanged</p> <p>New:</p> <ul style="list-style-type: none"> • Primary performance index (Taxpayers satisfaction survey, Tax Committee, RT)⁶ <i>Baseline (2016): 47 percent</i> <i>Target (2018): 70 percent</i> <p>Revised end target:</p> <ul style="list-style-type: none"> • Increased access to finance for MSME (measured in the number of loans provided), of which 80% are well performing⁷ <i>Baseline (2012): 54,000</i>

⁶ The new outcome indicator “Primary Performance Index” has been added to the revised CPF Results Matrix to measure beneficiaries’ satisfaction with improvement in the tax administration system. The WB financed on-going investment operations and IFC advisory services attribute to the achievement of this outcome.

⁷ The end target changed from 85,000 to 200,000 to be consistent with the project results.

Milestones in the Original CPS Results Matrix	Milestones in the Revised CPS Results Matrix	Outcomes in the Original CPS Results Matrix	Outcomes in the Revised CPS Results Matrix
<ul style="list-style-type: none"> • Strengthened financial stability and deposit insurance scheme • Implementing legal regulatory framework for bank supervision • New loans using collateral agency • New loans using credit bureau • New loans to small farmers 	<ul style="list-style-type: none"> • Providing TA to Agroinvestbank restructuring⁴ <p>Revised to:</p> <ul style="list-style-type: none"> • Deposit insurance scheme is developed • Legal regulatory framework for bank supervision is developed and implemented <p>Revise to drop:⁵</p> <ul style="list-style-type: none"> • New loans using collateral agency • New loans using credit bureau • New loans to small farmers 		<p><i>Target (2018): 200,000</i></p> <p>New:⁸</p> <ul style="list-style-type: none"> • New loans using collateral agency <p><i>Baseline:0</i></p> <p><i>Target: 4,878</i></p> <ul style="list-style-type: none"> • New loans using credit bureau <p><i>Baseline:0</i></p> <p><i>Target: 128,000 MSMEs</i></p>
<p>Improving sector competitiveness</p> <ul style="list-style-type: none"> • Sustainable agriculture extension services, access to finance, agriculture policy reform and capacity building 	<p>Revised to:⁹</p> <ul style="list-style-type: none"> • Access of farmers to finance is improved • Agriculture extension services are available • Farmers capacity building program is developed and delivered 	<ul style="list-style-type: none"> • Number of small farmers reporting increased marketed surplus of selected agricultural products <p><i>Baseline (2013): 0</i></p> <p><i>Target (2018): 6,500</i></p>	<p>Revised end target:¹⁰</p> <ul style="list-style-type: none"> • Number of small farmers reporting increased marketed surplus of selected agricultural products <p><i>Baseline (2013): 0</i></p> <p><i>Target (2018): 4,000</i></p>

⁴ The CPF original milestone “Providing TA to Agroinvestbank restructuring” has been dropped due to lack of government’s commitment to reform country’s financial sector.

⁵ These indicators are suggested to measure CPF outcomes in the financial sector rather than milestones

⁸ See footnote #4

⁹ The original milestone included three dimensions and was revised to individual milestones for easy monitoring

¹⁰ The end target was revised from 6,500 to 4,000 due to delay in the startup of the Agriculture Commercialization Project

Milestones in the Original CPS Results Matrix	Milestones in the Revised CPS Results Matrix	Outcomes in the Original CPS Results Matrix	Outcomes in the Revised CPS Results Matrix
<ul style="list-style-type: none"> • Study on energy efficient stoves in rural areas • CASA-1000 project includes a revenue management program to finance winter energy investments is under implementation • Enhanced cooperation and collaboration between development partners with respect to assistance to Barki Tajik and the Government on power sector issues 	<p>Revised to:</p> <ul style="list-style-type: none"> • Study on energy efficient stoves in rural areas is delivered and disseminated • Revenue management program to finance winter energy investments is developed and under implementation • Action plan for Barki Tajik financial viability developed through enhanced cooperation among development partners and Tajik Government is prepared and agreed. 	<ul style="list-style-type: none"> • Increased access to energy for firms and businesses: <i>Baseline (2013): 4-6 hours for most of the regions, except for Dushanbe and other large cities</i> <i>Target (2018): at least 8-12 Hours for any region</i> • Improve financial performance of Barki Tajik: <i>Baseline (2013): Cash collected from electricity sales is about two times lower than short term cost recovery requirements</i> <i>Target (2018): Cash collected from electricity sales are equal or above short term cost recovery levels</i> • Barki Tajik transparency and accountability: <i>Baseline (2013): audit reports for 2011 and 2013 issued with disclaimer of auditor's opinion</i> <i>Target (2015-8): audit reports issued with qualified opinion</i> 	<p>Dropped¹¹</p> <p>Unchanged</p> <p>Unchanged</p>

¹¹ The indicator has been dropped as there were no WB investment in the energy sector over the PLR period. Outcomes of the recently approved Nurek HPP Rehabilitation Project would contribute to the next CPF results.

Milestones in the Original CPS Results Matrix	Milestones in the Revised CPS Results Matrix	Outcomes in the Original CPS Results Matrix	Outcomes in the Revised CPS Results Matrix
Pillar 2: Social inclusion			
<ul style="list-style-type: none"> • Institutionalization of university entrance examinations. • Improved education governance, quality assurance mechanisms and financing systems. • Increased use of ICT to improve access and quality. 	<p>Revised to:</p> <ul style="list-style-type: none"> • Education quality assurance mechanisms is developed and being implemented. <p>Revise to drop:¹²</p> <ul style="list-style-type: none"> • Increased use of ICT to improve access and quality. 	<ul style="list-style-type: none"> • Increased share of poor students (bottom 40 percent) in the overall higher education institutions' enrollment. <ul style="list-style-type: none"> • <i>Baseline (2007): 13 percent</i> • <i>Target (2018): 17 percent</i> 	Unchanged:
<ul style="list-style-type: none"> • Creation of Communal Services Development Fund to leverage resources and link investments in WSS to financial and operational performance criteria 	<p>Revised to:</p> <ul style="list-style-type: none"> • The Municipal Infrastructure Development Plan is developed and approved • Coverage to improved water supply in urban areas is extended to other cities 	<p>The number of beneficiaries provided with improved water supply and sanitation service in urban settings:</p> <ul style="list-style-type: none"> • <i>Baseline (2013): 0</i> • <i>Target (2018): 847000</i> 	Unchanged:
<ul style="list-style-type: none"> • Establishment of targeted poverty benefit by means of capacity building to extend the pilot to 25 districts by 2014 and ultimately nationwide, by 2018. 	<p>Revised to:¹³</p> <ul style="list-style-type: none"> • Capacity building training to establish targeted poverty benefits program is provided • Pilot targeted poverty benefits program is extended nationwide. 	<p>Share of poorest quintile of population covered by targeted social benefits:</p> <p><i>Baseline (2013): 23 percent</i></p> <p><i>Target (2018): 55 percent</i></p>	<p>Revised end target:¹⁴</p> <p>Share of total population covered by targeted social benefits:</p> <p><i>Baseline (2013): 23 percent</i></p> <p><i>Target (2018): 100 percent</i></p>

¹² The envisaged ICT project has not materialized and the Higher Education Project has started in FY2017. Therefore, there will be no ICT related results to measure.

¹³ The original milestone included two dimensions and was revised to individual milestones for easy monitoring

¹⁴ The end target was revised from 55 percent to 100 percent due to be consistent with the Social Safety Net Strengthening Project.

Milestones in the Original CPS Results Matrix	Milestones in the Revised CPS Results Matrix	Outcomes in the Original CPS Results Matrix	Outcomes in the Revised CPS Results Matrix
Pillar 3: Promoting regional connectivity			
<ul style="list-style-type: none"> Successful implementation of Central Asia Road Links –Tajikistan (CARS2) Project 	<p>Revised to:</p> <ul style="list-style-type: none"> Improved road connectivity between the northern Tajikistan and the southern Kyrgyzstan. 	<ul style="list-style-type: none"> Satisfaction of road users (beneficiaries) with the improvements along completed road sections under CARS 2 <i>Baseline (2015): 0 percent</i> <i>Target (2018): 30 percent</i> Volume of freight through selected CARS 2 international border crossing points. <i>Baseline (2015): 359,838 ('000 tons)</i> <i>Target (2018): 410,000 ('000 tons)</i> 	<p>Revised to:</p> <ul style="list-style-type: none"> Satisfaction of road users (beneficiaries) with the improvements along completed road sections under the Regional Central Asia Road Links Program – Phase 2 <i>Baseline (2015): 0 percent</i> <i>Target (2018): 30 percent</i> <p>Revised to:</p> <ul style="list-style-type: none"> Volume of freight through selected the Regional Central Asia Road Links Program international border crossing points. <i>Baseline (2015): 359,838 ('000 tons)</i> <i>Target (2018): 410,000 ('000 tons)</i>
Cross cutting pillars			
<ul style="list-style-type: none"> Women access better quality healthcare services through results-based finance Opportunities for tertiary education increase through establishment of NTC. More employment opportunities and crop production through improved irrigation and rural water supply infrastructure. Providing better access to land and other rural productive assets. Collaboration among WB, UNICEF and USAID on nutrition programs 	<p>Revised to:</p> <ul style="list-style-type: none"> Better opportunities for women to health care services are provided More employment opportunities and crop production through improved irrigation. Better access to land and other rural productive assets are provided. <p>Revise to drop:¹⁵</p>	<ul style="list-style-type: none"> Increased gender empowerment through increased access to employment opportunities, land use rights, mother and child health <i>Baseline (2013): 86,000</i> <i>Of which: employment 22,200; land certificates 63,800. micronutrients and nutrition education for pregnant women - 0</i> <i>Target (2018): 258,200</i> <i>Of which: employment 77,200; land certificates 136,000; Micronutrients</i> 	Unchanged

¹⁵ The milestone was dropped due to the lack of direct linkage between the milestone and CPF outcome.

	Collaboration among WB, UNICEF and USAID on nutrition programs	<i>and nutrition education for pregnant women: 45,000</i>	
<ul style="list-style-type: none"> • By the mid-term review of the CPS, assessment work completed on possible interventions in economic rule of law and an action plan developed for elimination of QFDs 	<p>Revised to:</p> <ul style="list-style-type: none"> • An action plan developed for elimination of QFDs 	<ul style="list-style-type: none"> • Oversight of aggregate fiscal risk from other public sector entities is strengthened <p><i>Baseline (2012): PEFA</i> <i>2012score for PI-9 C+</i> <i>Target (2018): PEFA 2018 score for PI-9 no less than B+</i></p>	Unchanged
<ul style="list-style-type: none"> • Increase in certified Public Procurement professionals by 100 by FY 16 • Ensure Publication of 80 percent bidding opportunities and contract award results by FY 15 and 100 percent by FY 16 • Enacting legal framework to create complaint handling system by FY 15 and well-functioning system by FY 16 	<p>Revised to:</p> <ul style="list-style-type: none"> • Legal framework to create complaint handling system is enacted • Increased capacity of entities to procure per improved standards. 	<ul style="list-style-type: none"> • Increased capacity of entities to procure per improved standards. <p><i>Baseline (2013): Lack of Public Procurement Portal and complaint handling system.</i> <i>Target (2018): Increase qualified procuring entities by 50 percent</i> <i>Functioning Public Procurement Portal and complaint handling system.</i></p>	<p>Revised to:</p> <ul style="list-style-type: none"> • Public Procurement Portal and complaint handling system established and functioning <p><i>Baseline (2013): No</i> <i>Target (2018): Yes</i></p> <ul style="list-style-type: none"> • All public bidding opportunities and contract award results are published <p><i>Baseline (2013): 0 percent</i> <i>Target (2018): 100 percent</i></p>
<ul style="list-style-type: none"> • Each project establishes an indicator and plan for CSO engagement, including baseline and target • CSOs/NGOs include also local community associations and regional organizations. • Collaboration could include disseminating information, providing feedback during project identification and preparation, involvement in project 	<p>Revised to:</p> <ul style="list-style-type: none"> • CSO engagement indicator is included into each project design <p>Revised to drop:¹⁶</p> <ul style="list-style-type: none"> • CSOs/NGOs include also local community associations and regional organizations. <p>Revised to:</p>	<ul style="list-style-type: none"> • Use of Bank portfolio to increase CSO capacity and demand for transparency and accountability, as measured by percent of WBG projects and IFC advisory services that are implemented and monitored in collaboration with CSOs/NGOs <p><i>Baseline (2013): 37 percent</i> <i>Target (2018): 100 percent</i></p>	<p>Revised to:</p> <ul style="list-style-type: none"> • Number of WBG projects and IFC advisory services that are implemented and monitored in collaboration with CSOs/NGOs is increased: <p><i>Baseline (2013): 37 percent</i> <i>Target (2018): 100 percent</i></p>

¹⁶ The milestone was dropped as there is no direct link with the WB operations

<p>implementation, involvement in monitoring and evaluation through contracts, etc.</p>	<ul style="list-style-type: none"> • Citizen Engagement Roadmap for Tajikistan program is developed and used during project preparation and implementation. 		
<ul style="list-style-type: none"> • Improving statistical capacity and the more systematic use of evidence-based methods for policy-making • Develop and mainstream a wider range of evidence-based tools and approaches to strengthen M&E, especially in poverty and labor force measurement; • Support to country national statistical system 	<p>Revise to drop:¹⁷</p> <ul style="list-style-type: none"> • Improving statistical capacity and the more systematic use of evidence-based methods for policy-making <p>Revised to:</p> <ul style="list-style-type: none"> • Evidence-based tools and approaches in poverty and labor force measurement are developed and mainstreamed in national statistical system <p>Revise to drop:¹⁸</p> <ul style="list-style-type: none"> • Support to country national statistical system <p>New:¹⁹</p> <ul style="list-style-type: none"> • Frequent regular poverty monitoring is conducted (listening to Tajikistan survey, L2T) 	<ul style="list-style-type: none"> • Improved quality, access, and use of data on poverty and employment by improvements to and publication of HBS and LFS: <p><i>Baseline (2013): No poverty rate published since 2009 or LFS since 2007</i></p> <p><i>Target (2016): Poverty and unemployment rates reported in a quarterly moving average</i></p>	<p>Revised to:</p> <ul style="list-style-type: none"> • Improved access to data on poverty and employment: <p><i>Baseline (2013): No poverty and unemployment rates reported</i></p> <p><i>Target (2016): Poverty and unemployment rates reported in a quarterly moving average</i></p>

¹⁷ The milestone was dropped as there is no direct link with the WB operations

¹⁸ The milestone was dropped as it is repetitive of previous milestones

¹⁹ The new milestone was added to monitor achievement toward twin goals

Annex 3. Tajikistan: FY15-18 Country Partnership Strategy, Results Matrix (original)

Milestones and Outputs	CPS Outcomes	Progress	WBG instruments
<i>Pillar 1: Strengthening the role of the private sector 1</i>			
<p>1. Reducing costs for businesses</p> <ul style="list-style-type: none"> • Business environment and regulatory reforms to simplify business registration, permitting, and inspections • Modernization of tax administration including e-filing, risk based audit, appeals reform, modernization of IT systems, and capacity strengthening for officials <p>2. Strengthening financial markets</p> <ul style="list-style-type: none"> • Strengthen supervisory capacity of National Bank of Tajikistan • Providing TA to Agroinvestbank restructuring • New loans using collateral • New loans to small farmers 	<ul style="list-style-type: none"> • Average cost to comply with business regulation decreased: <i>Baseline (2012): US\$470</i> <i>Target (2018): US\$250</i> • Number of entrepreneurs using electronic services to comply with business regulations, particularly tax reporting and permit applications. <i>Baseline (2013): 2100</i> <i>Target (2018): 6000</i> • Increased access to finance for MSME(measured in the number of loans provided) <i>Baseline (2012): 54,000</i> <i>Target (2018): 85,000</i> 	<p>On track: # of days required for business registration in Dushanbe reduced from 39 to 11 days; costs of inspection to business expected to reduce by 30% because of new Inspection Law in effect since July 1st. The survey to assess the costs to comply with business regulation will be conducted by the end of FY17 by IFC.</p> <p>On track: # of entrepreneurs using tax e-filing and online permit system is increasing. 34 percent of all taxpayers filing electronically. Online permit application system was launched in June 2016. The analysis of the e-permit system will be assessed by the end FY17. At the same time, there are complaints from the private sector over ineffective tax policy and administration leading to informality. For the period of FY 14-15, improved CG resulted in access to financing for 2 existing client companies, which reported a total of \$2,462,806 in financing facilitated. The Program partners achieved a total of \$44,138 in sales revenue due to CG related consultancy.</p> <p>Target exceeded: The target was set low since included originally only the new loans using collateral agency. However, with the new credit bureau supported by F&M and IFC projects, 308.000 individuals and MSMEs got access to credit. Number of new loans provided expected to exceed the end FY18 target, including 480,000 new loans using credit bureau system, 215,000 using electronic financial services and collateral</p>	<p><u>WB Ongoing Lending:</u> Private Sector Competitiveness project (FY 12-18); Tax Administration (FY 12-17)</p> <p><u>WBG Planned Lending:</u> DPO 1-3 (FY16-18) Private sector competitiveness project (AF FY18);</p> <p><u>IFC Ongoing:</u> Outstanding investment portfolio in the financial sector and services comprised of 11 projects with 8 clients</p> <p><u>IFC Ongoing Advisory:</u> Tajikistan Business Regulation and Investment Policy Project (FY13-15) Financial Markets Infrastructure (FY09-16) Central Asia Corporate Governance Project Phase II (FY13-16) Transformation for MFIs in Tajikistan (FY09-17) Access Bank of Tajikistan (FY13-15) Konimansur Mine PPP Transaction Advisory (FY09-FY15, ongoing) ECA Region Resource Efficiency Advisory (FY10-FY16, ongoing)</p> <p><u>AAA and TA:</u></p>

Milestones and Outputs	CPS Outcomes	Progress	WBG instruments
		<p>agency. There is however high risk that the new loans will become non-performing due to the deteriorating economic environment, the problems in the banking system</p> <p>Technical assistance to help NBT implement FSAP recommendations is on track, including - Financial Stability, Supervision, Bank Resolution, NPLs, Consumer Protection, while part of them have already been implemented. Credit Reporting System mechanism is put in place and operational. The first private credit bureau issued more than USD 1.5 million credit histories.</p> <p>IFC investment and advisory services in the financial sector and during CY 2014 and CY 2015 facilitated around 270,000 new loans to MSMEs, which exceeds IFC's target of 258,000 new loans by 2018.</p>	<p>WB Financial Sector Policy Dialogue (FY15)</p> <p>Strengthening Bank regulation (FY14-15)</p> <p>Legal Framework for Secured Transactions (FY15)</p> <p>Insurance Market Development (FY15)</p> <p><u>IFC advisory planned:</u></p> <p>Potential PPP transaction advisory (FY15-18)</p> <p>ECA Region Agribusiness Standards (FY14-16)</p> <p>Management contract for Barki Tajik (FY14-16)</p> <p><u>Trust Funds:</u> FIRST TA on supervision (FY12-16)</p> <p>TA to AIB restructuring (FY15-17)</p> <p><u>Planned through Global Practices with IBRD:</u> Mobile Banking (FY15-19)</p> <p>Trade and Competitiveness (FY18)</p> <p><u>IFC investments:</u></p> <p>Potential investments in financial sector (loans, equity, trade finance lines, credit lines for SMEs, risk management products) and in real sector (FY15-18).</p>
<p>3. Improving sector competitiveness</p> <ul style="list-style-type: none"> Sustainable agriculture extension services, access to finance, agriculture policy reform and capacity building 	<ul style="list-style-type: none"> Number of small farmers reporting increased marketed surplus of selected agricultural products <p><i>Baseline (2013): 0</i></p> <p><i>Target (2018): 6,500</i></p>	<p>Off track: With the delays of the Agriculture Commercialization Project, value chain trainings have just started. The target number of small farmers reporting increase in productivity using the received microloans is at risk due to the deteriorating economic environment and the problems in the financial sector.</p>	<p><u>WBG Lending:</u></p> <p>WB ongoing:</p> <p>Agriculture commercialization project (FY14)</p> <p>Land Registration & Cadaster (FY 05-15); PAMP II (FY13-18); Ferghana</p>

Milestones and Outputs	CPS Outcomes	Progress	WBG instruments
		CAAP. 7,124 farmers have been provided with access to finance.	Valley Water Resource Management Project (FY 06-14) <u>Planned:</u> Land Immovable Property Registration AF (FY17) Improved Irrigation Efficiency (FY18); <u>IFC Ongoing:</u> Outstanding investment portfolio in agribusiness comprised of 4 projects with 3 clients <u>IFC ongoing advisory:</u> Central Asia Agri-finance Project (FY14-19); <u>IFC investments planned:</u> Potential investments in agribusiness and food retail (FY15-18) <u>AAA and TA:</u> Rural Investment Climate Assessment, RICA (FY14); Agriculture Sector Update (FY 14-15); Tajikistan Irrigation Strategy (KP) – FY 14-15 Joint study with IFC on sustainable farm advisory systems (FY16)
<ul style="list-style-type: none"> Study on heating options for Dushanbe and Khujand is completed 	<ul style="list-style-type: none"> Increased access to energy for firms and businesses: <p><i>Baseline (2013): 4-6 hours for most of the regions, except for Dushanbe and other large cities</i></p> <p><i>Target (2018): at least 8-12 Hours for any region</i></p>	<p>Off track: (No attribution to this indicator as no World Bank investment over the PLR period). The average hours of electricity supply are increasing thanks to new generation capacities put in place by the GoT. Winter energy deficit is expected to further reduce after Nurek HPP rehabilitation</p>	<p><u>WBG lending:</u></p> DPO 1-3 (FY16-18) Energy Loss Reduction (FY 05-14) CASA (FY14); MDTF for Community Support Program (FY15) <u>IFC Ongoing:</u> Pamir Energy (FY05) <u>IFC Ongoing Advisory:</u>

Milestones and Outputs	CPS Outcomes	Progress	WBG instruments
<ul style="list-style-type: none"> CASA-1000 project includes a revenue management program to finance winter energy investments is under implementation Enhanced cooperation and collaboration between development partners with respect to assistance to Barki Tajik and Government on power sector issues 	<ul style="list-style-type: none"> Improve financial performance of Barki Tajik: <i>Baseline (2013): Cash collected from electricity sales is about two times lower than short term cost recovery requirements</i> <i>Target (2018): Cash collected from electricity sales are equal</i> 	<p>Efficient Heating Stoves Pilot Program²⁰ is being developed for implementation in winter of 2016-2017.</p> <p>CASA Revenue Management Program was approved by the Government Decree on July 27, 2016. The Program as approved envisages utilization of CASA revenue flows to address winter energy deficit including support to the communities through the measures to be developed under the Community Support Program. CASA Multi-Donor Trust Fund (MDTF) has been set up to support the Government in designing and launching the Community Support Program.</p> <p>The Bank chaired DCC Energy WG is working well together resulting in agreement on priority reforms in the energy sector as part of the Nurek HPP rehabilitation and other donor funded projects.</p> <p>On track: Average collection rate for billed electricity increased from 63% in 2013 to 83% in 2015 including collections from TALCO.</p> <p>The Government increased the average tariff by 25% in 2012 and 15% in 2014. Tariffs are expected to be increased by at least 15% by November 1, 2016.</p>	<p>Tajikistan Infrastructure Investment (FY09-16);</p> <p><u>Planned:</u></p> <p>Winter energy (FY16)</p> <p><u>IFC investments planned:</u></p> <p>Potential investments in hydropower</p> <p><u>AAA:</u></p> <p>Review of Rogun HEP assessment process (TA) FY11- FY15;</p> <p>Tajikistan Energy Sector Dialogue (TA) - FY15</p> <p>TJ Addressing Energy Deprivation (FY 14);</p> <p><u>IFC advisory planned:</u></p> <p>Potential PPP transaction advisory for hydropower projects</p> <p><u>Trust Funds:</u></p> <p>Swiss Energy Loss Reduction (FY 14)</p>

²⁰ The Pilot Program aims to test in practice efficient stove prototypes developed under the TA. The pilot stoves will be installed at and used by Tajik households and public buildings during the heating season 2016/2017. The results of the pilot will help fine-tune the design of stove prototypes to the needs and habits of the Tajik population and in this way prepare the ground for mass production of efficient and cleaner heating stoves in Tajikistan.

Milestones and Outputs	CPS Outcomes	Progress	WBG instruments
	<p><i>or above short term cost recovery levels</i></p> <ul style="list-style-type: none"> • Barki Tajik transparency and accountability: <p><i>Baseline (2013): audit reports for 2011 and 2013 issued with disclaimer of auditor's opinion</i></p> <p><i>Target (2015-8): audit reports issued with qualified opinion</i></p>	<p>On track: The auditors issued a qualified opinion on 2014 and 2015 BT financial statements. The team is working to address the comments with the target is to have an unqualified opinion on the 2016 financial statements by June 30, 2017.</p>	
Pillar 2: Social inclusion			
<ul style="list-style-type: none"> • Institutionalization of university entrance examinations. • Improved education governance, quality assurance mechanisms and financing systems. • Increased use of ICT to improve access and quality. 	<ul style="list-style-type: none"> • Increased share of poor students (bottom 40 percent) in the overall higher education institutions' enrollment. <p><i>Baseline (2007): 13 percent</i></p> <p><i>Target (2018): 17 percent</i></p>	<p>On track. Due to establishment of the National Testing Center (NTC) and introduction of the new University Entrance Exam (UEE) system in 2014 (supported by READ, WB and OSI), there was an impressive change in the 1st year students' profile: increased entry of girls (by 10%) and students from rural areas (~by 40%). (2014 vs 2012-2013; the NTC's statistics). Several Bank supported interventions have contributed to achieving the target (READ; GPE-4 and HEP).</p> <p>Because of UEE, there is an improvement in the quality and governance of the admissions system for the higher education system.</p> <p>The indicator will be measured with the help of poverty team as part of HBS</p>	<p><u>WB Ongoing:</u> GPE4 (FY13-16)</p> <p><u>Planned:</u> DPO 1-3 (FY16-18) Higher Education Project (FY 16) Social Safety Net Strengthening AF (FY16)</p> <p><u>IFC advisory planned:</u> Potential PPP transaction advisory for social infrastructure projects</p> <p><u>IFC investments planned:</u> Potential investments in health and education, including with credit enhancement from IBRD.</p> <p><u>AAA:</u> Higher Education Sector Study (ESW) - FY 15; Governance in Service Delivery 3 (FY15)</p> <p><u>Trust Funds:</u></p>

Milestones and Outputs	CPS Outcomes	Progress	WBG instruments
			READ Tajikistan - Phase two – RE (FY 14);
<ul style="list-style-type: none"> Creation of Communal Services Development Fund to leverage resources and link investments in WSS to financial and operational performance criteria 	<ul style="list-style-type: none"> The number of beneficiaries provided with improved water supply and sanitation service in urban settings: <i>Baseline (2013): 0</i> <i>Target (2018): 847000</i> 	<p>Exceeded the target: Number of beneficiaries provided with improved WSS service in urban settings (due to CPS activities during the FY15-18 period) amounted to approximately 779,714, of which: DWSP2 and DWSP2 AF= 750,000 beneficiaries; MIDP and its AF = 221,544 (Total of 221,544 people in urban areas provided with access to improved water source (under MIDP AF - 29,714 people with access to improved water source in two urban settlements of Farkhor and Vose).</p> <p>CSDFP has been cancelled, and the expected 50,000 beneficiaries subtracted from the total figure.</p> <p>By the end of the CPS period, 750,000 residents of Dushanbe city are expected to benefit from an improved water supply system (both direct and indirect beneficiaries)</p>	<p><u>WB Ongoing:</u> Municipal Infrastructure Development Project (FY 06-15); Dushanbe Water Supply II (FY 11-15); <u>Trust Funds:</u> Grant for Preparation of CSDF Project (FY 14) <u>Planned:</u> Communal Service Development Fund (CSDF) (FY15); National Sanitation Project (FY17)</p>
<ul style="list-style-type: none"> Establishment of targeted poverty benefit by means of capacity building to extend the pilot to 25 districts by 2014 and ultimately nationwide, by 2017. 	<ul style="list-style-type: none"> Share of poorest quintile of population covered by targeted social benefits: <i>Baseline (2013): 23 percent</i> <i>Target (2018): 55 percent</i> 	<p>On track. (i) Data only available on total beneficiaries (roughly 15% of the population in the covered 25 districts). Targeted social assistance was introduced in 25 districts in 2015, is being expanded to 15 additional districts in Q4-2016, now totaling to 40 out of 67 districts in total (i.e. more than 50%), and is planned to cover the country by end 2017; (ii) draft Targeted Social Assistance law was approved by the Parliament on October 2nd 2016.</p>	<p><u>WB Lending Ongoing:</u> Social Safety (FY 11-15) <u>Planned:</u> Social Safety AF (FY16) <u>AAA:</u> Tajikistan Review of Social Safety Nets Reform (ESW), FY 14</p>
Pillar 3: Promoting regional connectivity			
<ul style="list-style-type: none"> Successful implementation of Central Asia Road Links – Tajikistan (CARS 2) Project. 	<p><i>Satisfaction of road users (beneficiaries) with the improvements along completed road sections under CARS 2</i></p>	<p>On track: Implementation status of the CARS 2 project is rated satisfactory. The contract for civil works has been signed and the notice to commence works was issued in June 2016. The process of launching all other components is</p>	<p><u>WB Planned:</u> Central Asia road links (FY 15) <u>IFC advisory TA:</u></p>

Milestones and Outputs	CPS Outcomes	Progress	WBG instruments
	<p><i>Baseline (2015): 0 percent</i> <i>Target (2018): 30 percent</i> <i>Volume of freight through selected CARS 2 international border crossing points.</i> <i>Baseline (2015): 359,838 ('000 tons)</i> <i>Target (2018): 410,000 ('000 tons)</i></p>	<p>progressing and at its final stage of procurement of services and goods.</p>	<p>Tajikistan Infrastructure Investment (FY12-16) <u>AAA:</u> Central Asia ICT KP (FY14); Central Asia Regional Rail Study (FY15) <u>WB Lending:</u> Tajikistan Turkmenistan Afghanistan railway project (FY 18) <u>IFC investments planned:</u> Potential investments in air navigation, telecom and power transmission <u>AAA:</u> Multi-modal Transport Study (FY15)</p>
<i>Cross-pillar priorities</i>			
<ul style="list-style-type: none"> • Women access better quality healthcare services through results-based finance • Opportunities for tertiary education increase through establishment of NTC. • More employment opportunities and crop production through improved irrigation and rural water supply infrastructure. • Providing better access to land and other rural productive assets. • Collaboration among WB, UNICEF and USAID on nutrition programs 	<ul style="list-style-type: none"> • Increased gender empowerment through increased access to employment opportunities, land use rights, mother and child health <i>Baseline (2013): 86,000</i> <i>Of which: employment 22,200; land certificates 63,800. micronutrients and nutrition education for pregnant women - 0</i> <i>Target (2018): 258,200</i> <i>Of which: employment 77,200; land certificates 136,000; Micronutrients and nutrition education for pregnant women: 45,000</i> 	<p>On track: Number of land use rights certificates that strengthen tenure security for families and small businesses in accordance with agreed standards – as of December 31, 2015, 122,723 certificates issued to 357,647 beneficiaries, of which 152,851 (43%) were women. There however remain issues with the tradability of land certificates.</p> <p>4,835 women empowered through employment due to the temporary jobs to clean secondary channels, (participation in the public works program under PAMP II). The program created 151,785 person-days of temporary employment for women through manual rehabilitation of tertiary on-farm canals. Estimated number of female beneficiaries of public works by 2018 is 5,990.</p> <p>The provision of micronutrients increased but there are concerns due to high incidences of stunting because of poor sanitation condition</p>	<p><u>WB On-going:</u> TJ Health Services Improvement (FY13-19); PAMP II (FY13-17); Agriculture Commercialization (FY14) <u>Planned:</u> Land Immovable Property Registration AF (FY17); Improved Irrigation Efficiency (FY18); <u>Trust Funds:</u> IDF-Health Care Policy Monitoring Project (FY 16); Japanese Social Development TF (FY14-18). Rural Livelihoods Improvement Project (FY13-17).</p>

Milestones and Outputs	CPS Outcomes	Progress	WBG instruments
<ul style="list-style-type: none"> Building resilience into water use and management through enhanced water efficiency in agriculture (through rehabilitation investments, capacity and institutional strengthening) and domestic use (improved water supply and sanitation systems). 	<ul style="list-style-type: none"> Number of users provided with water efficient systems for productive or domestic uses <i>Baseline (2013): 0</i> <i>Target (2018): 514,000</i> 	<p>Target exceeded:</p> <p>Number of water users with improved access to irrigation under PAMP II (direct beneficiaries) is estimated to be 1,030,078 people (population of households on the territory of WUAs where rehabilitation investment activities were completed or ongoing). The above-mentioned rehabilitation activities include:</p> <ul style="list-style-type: none"> 5104 km. of irrigation canals manually cleaned 123.7 km of irrigation canals mechanically cleaned 470 km of drains mechanically cleaned 2,049 key hydraulic installations, structures and control gates rehabilitated In addition, PAMP II funds were channeled to create 11 new WUAs and strengthen 72 existing WUAs, which include 25,625 members. 	<p><u>WB Ongoing:</u> PAMP II (FY12-18); FVWRMP (FY05-14)</p> <p><u>WB Planned</u> Communal Service Development Fund (CSDF) (FY15)</p> <p><u>AAA:</u> Climate Change Issues Note (KP, FY 14)</p>
<ul style="list-style-type: none"> Improved irrigation and drainage infrastructure; Support to the development of improved policies and institutions for water and land management; increased crops in rehabilitated lands, helping communities adapt land and water management practices to climate impacts 	<ul style="list-style-type: none"> The number of households supported to adopt sustainable, climate resilient, water and land management practices, of which 40 percent women. <i>Baseline (2013): 0</i> <i>Target (2018): 21000</i> 	<p>Target exceeded:</p> <ul style="list-style-type: none"> With support from Environmental Land Management and Rural Livelihoods Project, this target has been surpassed. To date, 27,986 households have been supported, of which 49 percent are women. The project is also helping communities adapt land and water management practices to climate impacts. To date, 27,420 hectares are now covered by effective agricultural, land and water management practices suited to local agro-ecological conditions CAMP4ASB will assist households in adopting climate resilient practices 	<p><u>WB Ongoing:</u> Environmental Land Management and Rural Livelihoods-GEF/PPCR (FY 13-18); PAMP II (FY12-18)</p> <p><u>WB Planned</u> Improved Irrigation efficiency (FY18) TJ participation in proposed Central Asia Regional PPCR+ (Pilot Program for Climate Resilience)</p> <p><u>AAA:</u> Agriculture Sector Update (KP)- FY 14-15;</p>

Milestones and Outputs	CPS Outcomes	Progress	WBG instruments
			Central Asia Energy and Water Development Program (CAEWDP, FY 11-15)
<ul style="list-style-type: none"> By the mid-term review of the CPS, assessment work completed on possible interventions in economic rule of law and an action plan developed for elimination of QFDs 	<ul style="list-style-type: none"> Oversight of aggregate fiscal risk from other public sector entities is strengthened <i>Baseline (2012): PEFA 2012 score for PI-9 C+</i> <i>Target (2018): PEFA 2018 score for PI-9 no less than B+</i> 	<p>On track:</p> <ul style="list-style-type: none"> SOEs fiscal risk assessment is part of DPO1. Action plan to eliminate QFD in energy sector is part of energy sector reform to support Nurek HPP rehabilitation. PEFA update will be conducted in 2017 to inform end target No dialogue on the economic rule of law due to the limited commitment 	<p><u>Bank On-going</u> Macro-monitoring; Programmatic Public Expenditure Review <u>Bank Planned:</u> DPO 1-3 (FY 16-18); PFM APL II (FY15) <u>Non-lending:</u> PER-2 (Joint Policy Notes with Government); PEFA (2018)</p>
<ul style="list-style-type: none"> Increase in certified Public Procurement professionals by 100 by FY 16 Ensure Publication of 80 percent bidding opportunities and contract award results by FY 15 and 100 percent by FY 16 Enacting legal framework to create complaint handling system by FY 15 and well-functioning system by FY 16 	<ul style="list-style-type: none"> Increased capacity of entities to procure per improved standards. <i>Baseline (2013): Lack of Public Procurement Portal and complaint handling system.</i> <i>Target (2018): Increase qualified procuring entities by 50 percent</i> <i>Functioning Public Procurement Portal and complaint handling system.</i> 	<p>On track:</p> <ul style="list-style-type: none"> The number of public entities procuring per improved standards increased from 23 in 2013 to 36 as of today, Procurement portal is functioning and its features are being improved and enhanced. However, procurement complaints handling system is yet to be established. This activity is included to the scope of PFM2 project. 470 trainees received certificates on training completion. Identification of trainees who express interest to be certified as procurement specialists is in process. 100% of Invitations to Bid and Contract Award Notifications for procurements conducted by the Public Procurement Agency are published. Draft Public Procurement Law is planned for submission to the Government for approval in August 2016. 	<p><u>On-going and future Trust Funds:</u> ECA PFM TF – Public Procurement Capacity Building TA to State Procuring Agency to improve Complaint Handling System IDF Grant to Improve Public Procurement Portal and e-Procurement</p>

Milestones and Outputs	CPS Outcomes	Progress	WBG instruments
<ul style="list-style-type: none"> • Each project establishes an indicator and plan for CSO engagement, including baseline and target • CSOs/NGOs include also local community associations and regional organizations. • Collaboration could include disseminating information, providing feedback during project identification and preparation, involvement in project implementation, involvement in monitoring and evaluation through contracts, etc. 	<ul style="list-style-type: none"> • Use of Bank portfolio to increase CSO capacity and demand for transparency and accountability, as measured by percent of WBG projects and IFC advisory services that are implemented and monitored in collaboration with CSOs/NGOs <p><i>Baseline (2013): 37 percent</i> <i>Target (2018): 100 percent</i></p>	<p>On track:</p> <ul style="list-style-type: none"> • Of 11 projects approved since FY14, ten have established Citizen Engagement mechanisms, which could provide channels for enhanced voice. Seven projects included beneficiary feedback surveys, five included public consultation and four included stronger forms of engagement such as participatory planning and decision-making. • Capacity building for CSOs, including on independent monitoring and evaluation, has been accompanied by capacity building for PIUs to promote more systematic engagement with citizens and beneficiaries. 	<p>AAA: Implementation of the Governance Checklist, all projects (FY15)</p> <p>Korean TF and GPSA</p>
<ul style="list-style-type: none"> • Improving statistical capacity and the more systematic use of evidence-based methods for policy-making • Develop and mainstream a wider range of evidence-based tools and approaches to strengthen M&E, especially in poverty and labor force measurement; • Support to country national statistical system 	<ul style="list-style-type: none"> • Improved quality, access, and use of data on poverty and employment by improvements to and publication of HBS and LFS: <p><i>Baseline (2013):</i> <i>No poverty rate published since 2009 or LFS since 2007</i> <i>Target (2016):</i> <i>Poverty and unemployment rates reported in a quarterly moving average</i></p>	<p>On track:</p> <ul style="list-style-type: none"> • The government has been officially reporting poverty indicators based on the country-owned Household Budget Survey (HBS) since 2015. Poverty results are available as a quarterly moving average. • TajStat has just completed its Labor Force Survey and results should be available in a few months' time. TajStat also plans to introduce new modules into its Household Budget Survey, including a module on labor force survey. 	<p>CAPPAS DFID (FY13-FY15); ECASTAT project (FY15-18) Programmatic poverty studies (FY15)</p>

Annex 4: ASA Delivered and Planned

	CPS Pillars			
	1	2	3	CCPs
FY15				
ESW				
Tajikistan Review of Safety Nets Reform		v		
Higher Education Sector Study		v		
TA				
Tajikistan #10134 Strengthening Bank Regulation	v			
Tajikistan #10220 Legal Framework for Secured Transactions	v			
Tajikistan #10133 Developing Insurance Market	v			
Tajikistan Energy Sector Dialogue	v			
Review of Rogun HEP assessment process	v			
Governance Data Platform				v
FIRST TJ #10074 Payment Systematic Modernization	v			
KP				
Agriculture Sector Update	v			v
Population's access to electricity	v	v		
FY16				
ESW				
Regional Railway Connectivity			v	
Tajikistan Multimodal Transport			v	
Tajikistan FSAP Update	v			
TA				
TAJIKISTAN Supreme Audit Institution 3				v
Emergency Support for Mudslides				v
DeMPA Tajikistan	v			
Strengthening Capacity for Budgets				v
TJ Governance in Service Delivery		v		
Regional ICT Initiatives			v	
KP				
Tajikistan Irrigation Strategy		v		
FY 17				
ESW				
Tajikistan Jobs Diagnostic and Strategy				v
TA				
Winter Energy Program	v			
PSIA/ Poverty Diagnostic of WASH sector				
Listening to Tajikistan survey		v		v
LLI work on Youth Empowerment	v			

	CPS Pillars			
	1	2	3	CCPs
IE				
Tajikistan HRITF Impact Evaluation			v	
Tajikistan Tax E-filing Impact Evaluation				v
PA and AA				
Financial Sector Policy Dialogue	v			
Tajikistan Debt Reform Plan	v			
FY 18				
PA				
Strengthening the Financial Sector	v			
AA				
Supporting Tajikistan's PPP program	v			
Micronutrient Status Survey for Tajikistan			v	
Tajikistan PEFA 2016	v			

Annex 5: Planned IDA Lending and actual Deliveries for FY15-17 (USD million)

CPS PLANS			ACTUAL DELIVERED		
FY15					
CPS Pillar		IDA		STATUS	IDA
4	Public Finance Management-2/Public Administration	10.0		Approved (06/01/2015)	10.0
2	Communal Services Development Fund	30.0		Canceled	
3	Central Asia Road Links	15.0 (from National IDA)		Approved (02/25/2015)	15.0
2,3			Higher Education Project	Approved (06/30/2015) (moved from FY 16 to FY 15)	15.0
2			Additional Financing for DWSP II	Approved (06/30/2015)	10.0
2,4			Additional Financing for Health Service Improvement Project	Approved (06/22/2015)	10.0
1,4			Additional Financing for PAMP II	Approved (06/22/2015)	12.0
4			Additional Financing for ELMRLP	Approved (06/30/2015)	0.9
Subtotal:		55.0	Subtotal:		72.9
FY16					
1,3	Development Policy Operation -1	20.0		Moved to FY 18, increased to \$30 mln.	
2	Social Safety Net Strengthening - Additional Financing	5.0		Moved to FY18, reduced to \$1.8 mln	
1	Winter Energy (Nurek Hydropower Rehabilitation Project)	30.0		Moved to FY 17	
2,3	Higher Education Project	15.0		Moved to FY 15	
1,4			Real Estate Registration Project	Approved (04/04/2016) (moved from FY 17 to FY 16)	10.0
4			CAMP4ASB	Approved	5.0
Subtotal:		70.0	Subtotal:		15.0
FY17					
<u>1,3</u>	Development Policy Operation-2	20.0		<u>Will not be delivered under the CPS</u>	
<u>1</u>	Land Immovable Property Registration (renamed to Real Estate Registration Project)	15.0		Approved in FY 16	
	Irrigation Improved Efficiency	15.0		Dropped	

<u>2</u>	National Sanitation	20.0		Moved to FY18 depending on WASH study being finalized	
<u>1</u>			Nurek Hydropower Rehabilitation Project	Q4 FY 17. Moved from FY 16	225.7
<u>1.4</u>			Zarafshon Irrigation Rehabilitation and River Basin Management (TF)	Q3 FY 17	16.1 (not IDA)
Subtotal:		70.0	Subtotal:		241.8
FY 18					
<u>1,3</u>	Development Policy Operation-3	20.0		Not likely to be delivered under the CPS	
<u>1</u>	Private Sector Competitiveness—Additional Financing	10.0		Dropped	
<u>3</u>	Tajikistan-Afghanistan-Turkmenistan Railway	30.0	Tajikistan Railways Project	Not likely to be delivered under the CPS	
<u>1</u>			ACP Additional Financing	Q1 FY 18	15.0
			Development Policy Operation-1	FY18	30.0
<u>1</u>			Digital CASA (regional)	Dropped	
			Road Sector Investment Project	FY18	30.0
<u>2</u>			Social Safety Net Strengthening -Additional Financing	Moved from FY 16	1.8
<u>4</u>			Strengthening Critical Infrastructure against Natural Hazard	Q1, FY18	50.0
<u>2</u>					
Subtotal:		60.0	Subtotal:		126.8
<u>Total FY15-18</u>		<u>255.0</u>	<u>Total FY15-18</u>		<u>456.5</u>

Annex 6: Citizen Engagement in the Tajikistan Portfolio (FY15-16)

In 2015, Tajikistan ranked 189th out of 204 countries on the WGI index for Voice and Accountability with a score of 7.4—the lowest of the six governance indicators. State--non-state relations are strained: Tajik society is divided and informal patronage networks influence the way citizens interact with the state. Public service delivery institutions are largely state owned, and citizens often have to pay ‘speed or access money’ for routine services. The overall enabling environment for citizen engagement is thus weak and deteriorating. Laws and policies mostly constrain rights to information, association and the development of civil society. For example, an amendment to the existing law on NGOs passed by parliament in July 2015 tightening their obligation to report on funding, including grants from foreign donors. Oversight of religious institutions and practices restrict citizen association and freedoms in the name of security. Finally, returning economic migrants from Russia exacerbate the problem of youth, ranging from unemployment to constraints on the voice and agency of this half of the population.

The CPS, approved after the launch of WBG citizen engagement requirements in FY14, included a specific indicator requiring citizen engagement to be part of all Bank operations by FY18. Its governance pillar specified the WBG’s commitment to feedback mechanisms for service delivery, especially education, energy and the financial sector. In particular, it committed to working with civil society groups to help monitor implementation of public service delivery and provide a feedback loop to government.

In this context, 11 projects have been approved since FY14, of which 8 have a service delivery focus. As of end-FY16, the portfolio had reached 100 percent compliance for these 8 projects and the current portfolio is 100 percent compliant for citizen-oriented design and 85% for beneficiary feedback, comparing favorably with the ECA average and showing a marked improvement since FY13 (Table 1).

Table 2: IPF compliance with CE corporate requirements at appraisal

	% compliance Beneficiary feedback indicator	% compliance Citizen-oriented design
Pre-FY14 (4 projects still active)	25%	75%
FY14 (2 projects)	0%	100%
FY15 (8 projects *includes CARs)	100%	100%
FY16 (1 project)	100%	100%
Number of projects in portfolio currently compliant/not compliant with CE requirements.	10 projects compliant/ 5 not compliant.	14 projects compliant/ 1 not compliant
Number of service delivery projects working with civil society groups to provide feedback.	2 projects	2 projects

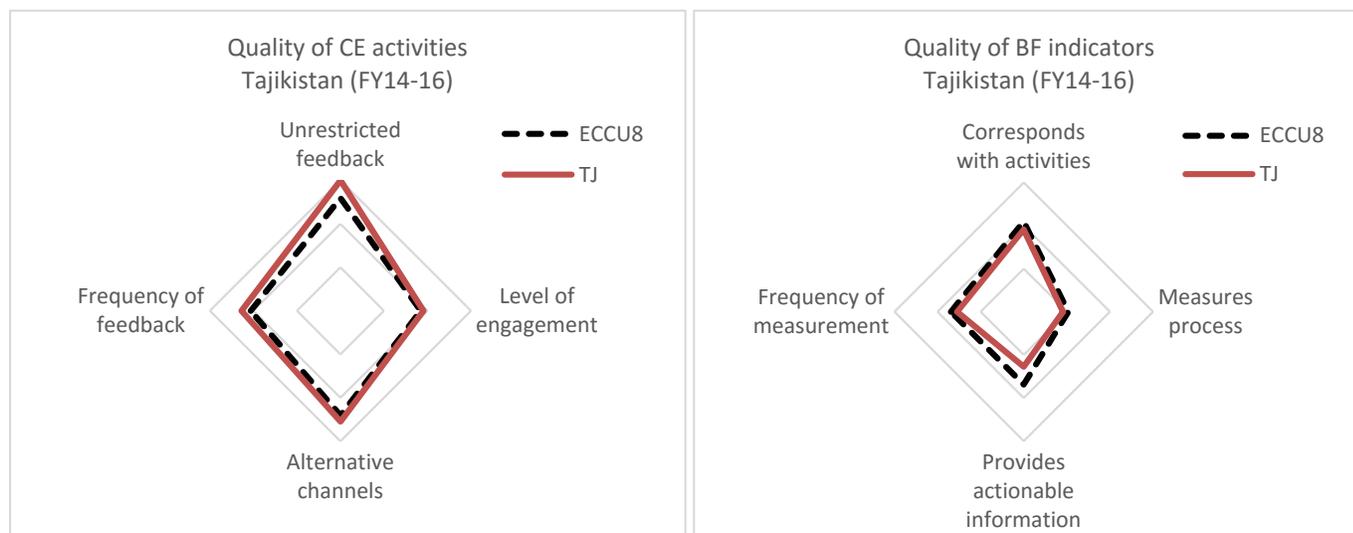
Of projects approved since FY14, 9, or 81 percent include Grievance Redress Mechanisms (GRMs). A review of their implementation, conducted as a part of an independent comprehensive Central Asia portfolio review, found that greater attention needs to be paid to their definition and operationalization. Of seven projects with GRMs included at appraisal, only 57 percent showed evidence of operationalizing them as a mechanism for beneficiary feedback and only one project GRM functions well—the others receive few if any complaints. The analysis flagged that the functionality and use of GRMs are hindered by inadequate earmarked budgets and insufficient

awareness building. Moreover, 43 percent of GRMs were established for a specific purpose, (e.g. resettlement complaints) and were thus not open for citizens to provide feedback on any issue.

Of 11 projects approved since FY14, 10 include citizen engagement (CE) mechanisms other than GRMs, which, if effectively implemented, could provide alternative channels for feedback: 8 include a beneficiary survey or similar, 5 incorporate some form of public consultation, and 4 have stronger forms of engagement such as participatory planning and decision-making. The results of these CE mechanisms are still emerging but, at least in design, there are models for potential replication in Tajikistan.

Despite the difficult environment, CE quality at the design stage is similar to the Central Asia regional average. Most CE mechanisms allow citizens to provide feedback on any project issue and there is more than one channel for feedback. Frequency of feedback, as well as the opportunity for dialogue, is less well developed. Beneficiary indicators are generally well aligned with CE activities, and most are measured annually. Efforts to measure improvement or satisfaction with the CE process, however, remain limited, and information generated from feedback is not always actionable (Figure 1).

Figure 1: Assessment CE quality in Tajikistan using objective criteria



Since the approval of the CPS, CE has been supported through two primary avenues: (a) the development of CE in IPFs; and (b) capacity building of CSOs and project-level institutions.

- **Second Public Employment for Sustainable Agriculture and Water Resources Management (PAMP2):** The project involves local community leaders and NGOs in public awareness and communication programs, field-level monitoring and reporting of public works, and oversight of sub-project selection and beneficiaries. Established as part of the project governance and anti-corruption strategy, the GRM handled by local NGOs is one of the best performing feedback mechanisms in Central Asia. It is well promoted, utilized by project beneficiaries for suggestions and complaints, and results are tracked.
- **The Central Asia Road Links Program (CARs)** utilizes beneficiary feedback mechanisms to increase project outreach, and monitor performance. Efforts are made to measure project

awareness among beneficiaries, including the GRM, capture their perceptions of road quality during implementation and of road safety concerns related to traffic management and road user behavior; and to develop mobile phone applications to improve the efficiency of information on road safety and hazards. An experienced NGO underpinned these efforts, but the challenge is institutionalization within MOT.

- The **Tajikistan Municipal Infrastructure Development Project (MIDP)**. Although not included at appraisal, CE became key to the project achieving its PDO and by closure it was viewed as one of the key achievements by the client and local government. Three mechanisms were established during AF: (a) formation of Sanitation Zone Management Committees, with a legal mandate for communities to use, manage and maintain the sanitation constructed under the project; (b) a bottom-up GRM system using social mobilizers; (c) communications and public awareness raising to support behavior change and knowledge sharing; (d) a baseline and follow-up geo-referenced beneficiary household survey; and (e) staff were positioned to act as key interlocutors between citizens and state agencies.
- **Capacity-building of CSOs and PIUs**, a Korean Trust Fund-financed activity, capacity-introduced participants to CE within the project cycle, including procurement, transparency and accountability mechanisms, as well as independent monitoring and evaluation, data analysis and reporting. This was supplemented by PIY capacity building to understand systematic engagement with citizens and beneficiaries as a key accelerator to achieve results in WBG-supported projects.

Looking forward to the remainder of the CPS, Tajikistan will continue the current approach to CE, focusing on service delivery and engaging CSOs in monitoring. This is now documented in the form of a CE country roadmap, which articulates country objectives, specifies priority areas of focus, defines responsibilities, and sets out concrete steps for sector and project action. It also applies common Central Asia standards for reporting and monitoring. Table 3 summarizes the CE country roadmap illustrating key elements and targets proposed for the remainder of the CPS period.

Table 3: Citizen Engagement Country Roadmap Summary Table

	Stream of Action /Target
Citizen Engagement in the CPF and DPL	<p>Deepen and clarify consultation process for CPF and DPO</p> <p>By the end of the current CPS in FY18:</p> <ul style="list-style-type: none"> • CSOs are supported to engage meaningfully in the CPF process • Agree with government scope and content of CE for next CPF.
Mandatory Beneficiary Feedback in IPFs	<p>Improvements to quality and utilization of beneficiary feedback systems.</p> <p>Beneficiary feedback.</p> <ul style="list-style-type: none"> • TJ will continue to meet corporate target of 100 percent for citizen oriented-design and beneficiary feedback indicator in all projects with identifiable beneficiaries. It will also ensure that all projects are reporting on the BF indicator by the end of FY17. • In addition, TJ will ensure that quality of CE meets agreed minimum standards, similar to those established throughout Central Asia. These include: <ul style="list-style-type: none"> (i) BF instruments are conducted, at minimum, annually; (ii) feedback is sought and managed on all project issues, not narrowly defined areas (e.g. resettlement); (iii) a tracking mechanism is established to discuss and act on results; (iv) results are published and discussed in an open forum; (v) women’s feedback is disaggregated in all reporting; (vi) 40 percent of projects being approved will include indicators that measure effectiveness/satisfaction with the CE process. <p>Remedial action plan for Grievance Redress Mechanisms.</p> <ul style="list-style-type: none"> • A specific action plan to improve the functionality and use of GRMs will be implemented for all high and medium risk projects, setting standards for future projects. This includes: <ul style="list-style-type: none"> (i) a commitment to manage grievances on all project issues (not just resettlement-related issues); (ii) earmarking budgets in projects for comprehensive GRMs; (iii) ensuring capacity building (of staff) and awareness building (of citizens/ beneficiaries) is carried out to build understanding of GRM; (iv) reporting complaints data in AMs/ISRs, discussing results and remedial actions in annual portfolio reviews (if zero complaints received and the project is not generating feedback, remedial action).
Enhancing CE service delivery IPFs	<p>CE in implementation of service delivery sectors set out in the CPS continues. In particular,</p> <p>In education, CE will be mainstreamed by engaging civil society organizations in the following project components:</p> <ul style="list-style-type: none"> ○ Under the GPE-4 project 1) a CSO will carry out a Third Party Verification of goods and services provided by the project to kindergartens, ELCs and schools; 2) a CSO will carry out a survey on how improved educational environment affected key learning outcomes and indicators at the school level. ○ Under the Higher Education Project, a local CSO will carry out an operational audit of grants received by universities. ○ Under READ-2, a local CSO will carry out a beneficiary survey of the new University Entrance Examination system rolled out in 2014.

Agriculture and irrigation: The PAMP-II project will mainstream CE in irrigation and agriculture by the following means:

- Creating and strengthening Water User’s Associations, which are unique and effective mechanisms for participatory irrigation management in Tajikistan. WUAs are non-governmental membership-based organizations, which serve as agents between the final water users (farmers) and irrigation water provider (Agency for Irrigation and Land Reclamation). By 2019, the project will create 25 new WUAs and build capacity of additional 100, with the number of WUA members expected to reach 45,000. Currently, the project is engaged in every one of three WUAs registered in Tajikistan.
- Continue engaging local CSOs in social mobilization activities and grievance redress mechanisms and engaging women beneficiaries as part of the public works program under PAMP-II.
- An independent agency will conduct a household survey at the mid-point and end of the project to assess the project impact on food security and satisfaction with irrigation water delivery

Energy: CE will be mainstreamed through two projects, namely:

- Under the Winter Energy TA, collaboration will be established with local CSOs to raise awareness on energy efficient heating options, build local capacity, promote learning and collaboration, and support investment operations to scale up access to clean and efficient heating. The intention is to have series of workshops and learning activities, as well as communication campaigns to be implemented through local partners.
- Under the Nurek Hydropower Project–Phase I, the capacity of *Barki Tajik* will be strengthened and consultant services will be supported to promote CE and gender-informed consultative processes during implementation.

ANNEX 7 IFC PROGRAM AND PORTFOLIO

**Table 4: IFC Committed and Outstanding Portfolio In Tajikistan
(AS OF OCTOBER 31, 2016, \$m, Own Account)**

Industry	Project ID and Name	Committed Portfolio	Outstanding Portfolio
Financial Markets	36576-Eskhata SWAP	1.0	0.0
	36506-IMON - RM 3	0.1	0.1
	35522-IMON - RM 2	0.5	0.5
	34997-FMBT Loan 2	1.3	1.3
	34955-IMON SL IV	4.3	4.3
	34671-Eskhata SL&SD'14	12.7	12.7
	34332-IMON SL III	2.2	2.2
	33453-FINCA Tajikistan	0.8	0.8
	31740-IMON SL 2	0.4	0.4
	26758-Tajik Access-SEF	2.0	2.0
	26439-GTFP Eskhata Bk	1.2	1.2
	Subtotal	26.4	25.4
Manufacturing, Agriculture, Services	27047-TPST	4.3	4.3
	11254-Giavoni	0.4	0.4
	Subtotal	4.7	4.7
Technology and Telecoms	34211-TCCell	24.0	24.0
	Subtotal	24.0	24.0
TAJIKISTAN	TOTAL	55.1	54.1

**Table 5: IFC New LTF Commitments FY15-FY17YTD
(AS OF OCTOBER 31, 2016, \$m)**

Year	Industry	Project ID and Name	Original Commitment Activity - IFC
2015	Financial Markets	36655-TajikAccess Swap	0.18
		36506-IMON - RM 3	0.6
		35522-IMON - RM 2	0.5
		35502-FINCA TJ SWAP 2	0.3
		35287-FMBT RM	0.2
		34997-FMBT Loan 2	2.5
		34955-IMON SL IV	5
		34671-Eskhata SL&SD'14	15
2016	Financial Markets	36576-Eskhata SWAP	1
TOTAL			25.3

Table 6: Active Advisory Services Projects (As of September 2016)

Project ID	Project Name	Primary Business Area	Implementation Start Date	Implementation End Date
593647	CASA-1000	CAS-PPP	3/7/2013	12/31/2016
599048	Tajikistan Business Regulation and Investment Policy Project	TAC	2/1/2013	12/31/2017
599521	Central Asia Agri finance Project	FAM	2/1/2014	12/31/2018
599627	Central Asia Corporate Governance Project in Tajikistan and the Kyrgyz Republic_Phase II	ESG-CG	5/1/2013	12/31/2017
600076	Tajikistan Cold Storage	CAS-PPP	6/2/2014	9/30/2016
600560	TCell Mobile Money AS Project	FIG	10/1/2014	6/30/2016
563790	Transformation for MFIs in Tajikistan	FIG	7/1/2008	3/31/2018
569390	Tajikistan FM Infrastructure	FAM	10/1/2009	12/31/2018
597647	Tajikistan Infrastructure Investment	TAC	3/1/2013	12/31/2017
601347	Electronic & Digital Financial Services project in Azerbaijan and Central Asia	FAM	4/1/2016	3/31/2020