



Country Operations Business Plan

October 2017

Tajikistan
2018–2020

This document is being disclosed to the public in accordance with ADB's Public Communications Policy 2011.

Asian Development Bank

CURRENCY EQUIVALENTS

(as of 2 October 2017)

Currency unit	–	somoni (TJS)
TJS1.00	=	\$ 0.11
\$1.00	=	TJS 8.80

ABBREVIATIONS

ADB	–	Asian Development Bank
CAREC	–	Central Asia Regional Economic Cooperation
COBP	–	country operations business plan

NOTE

In this report, "\$" refers to United States dollars.

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I. CONSISTENCY OF BUSINESS PLAN WITH COUNTRY PARTNERSHIP STRATEGY

1. The Tajikistan country operations business plan (COBP) of the Asian Development Bank (ADB) for 2018–2020 aligns with the country partnership strategy for 2016–2020 that the Board endorsed on 23 August 2016.¹ The country partnership strategy aims to (i) support sustained and inclusive growth that is less susceptible to external shocks, and (ii) create higher paying jobs. The COBP also supports the government’s long-term national development strategy for 2016–2030. The COBP has five main goals:

- (i) continue infrastructure investments in energy and transport, where ADB has had a lead role;
- (ii) initiate support for integrated urban development;
- (iii) sequence reforms to the overall investment climate, including a focus on knowledge work and economic diversification;
- (iv) continue support to education and re-engage in health care development; and
- (v) integrate food security with value-chain development, water resources management, and climate change adaptation and resilience that targets poorer *oblasts* (regions).

2. Since early 2015, the Tajik economy has slowed markedly because of a recession in Russia and declining remittances. ADB will respond by continuing its support for structural reforms through policy-based lending, support for private sector participation in skills development, and investment in infrastructure rehabilitation. ADB will also support other complementary initiatives in regional cooperation, governance, urban development, health and education, climate change resilience, food security, environment, and gender mainstreaming.

II. INDICATIVE RESOURCE PARAMETERS

3. Tajikistan, a group A developing member country, is eligible for concessional ordinary capital resources lending. The indicative concessional resource allocation for 2018–2020 is \$283.21 million, including \$30.00 million from disaster risk reduction resources.² An additional allocation of \$20.0 million was also provided from the regular ordinary capital resources regional set-aside for the 2018 Central Asia Regional Economic Cooperation (CAREC) Corridors 2, 5, and 6 (phase 2) Road Project. A 3-year pipeline was developed based on commitments instead of previously used approvals. Given that Power Sector Development Project (\$65.00 million) carried over from 2017 to 2018, the indicative investment program under the COBP, 2018–2020 consists of \$166.44 million in 2018, \$95.09 million in 2019, \$74.25 million in 2020. Thus, total amount of the pipeline during 2018–2020 will reach \$335.78 million. The final amount of assistance is subject to the resources availability and the project readiness. Cofinancing and funding from other sources, including the regional pool under concessional resources, will be explored.

4. Based on debt sustainability assessment, ADB moved from 100% grant for Tajikistan during 2008–2014 to a 50:50 grant–loan ratio from 2015 onwards. Tajikistan is currently rated *moderate* for debt distress and so a 50:50 grant–loan ratio will, therefore, be maintained. However, ADB will closely monitor the economic situation in the country and coordinate with the International Monetary Fund on this issue. Several projects on standby may be dropped or reclassified as firm, depending on discussions with the government and funding availability. The technical assistance pipeline envisages \$5.0 million for 2018–2020. ADB will also assist private

¹ ADB. 2016. *Country Partnership Strategy: Tajikistan, 2016–2020*. Manila.

² The disaster risk reduction (DRR) fund aims to strengthen disaster resilience and help spur investment. This additional financing will support (i) stand alone DRR projects, (ii) discrete DRR components of other grant and loan projects, and (iii) incremental costs to strengthen the disaster resilience of infrastructure investments.

businesses through loans, equity investments, and guarantee facilities. The Private Sector Operations Department is exploring investments in finance, agribusiness and mining, especially those operators with successful social license and strong environmental record.

III. SUMMARY OF CHANGES TO LENDING AND NONLENDING PROGRAMS

5. Changes in the lending and nonlending programs from the COBP for 2017–2019 are as follows³:

- (i) **Transport.** In addition to CAREC Corridors 2, 5, and 6 (Dushanbe–Kurgonteppa) Road Project (additional financing), Kurgonteppa–Dangara–Kulob Road Project was added as 2020 Firm. The project will facilitate trade and reduce the travel time from Dushanbe, the capital, to Kurgonteppa, Dangara, and Kulob, which are parts of the less-developed southern region of Khatlon.
- (ii) **Energy.** Power Sector Development Project was moved from 2017 firm to 2018 firm due to approvals delay. The project will improve the distribution and transmission systems in Dushanbe and continue sector reforms.
- (iii) **Public Sector Management.** Due to delay in implementation of Subprogram 2 of ADB's Investment Climate Reform Program (approved in 2016), Subprogram 3 was moved from 2018 firm to 2020 firm. Requirement of Subprogram 3 is also contingent on IMF Program. ADB will continue to support the government's structural reforms to improve the investment climate and create more jobs with higher pay.
- (iv) **Health.** As part of ADB's interest in supporting the education sector, inclusive education for good jobs project was programmed for 2019.
- (v) **Water and Other Urban Infrastructure and Services.** Earlier proposed Urban Sector Development Project for 2018 firm was determined with specific scope and renamed as Dushanbe Urban Water Supply and Sanitation Project. Due to over-programming and ongoing shortfall in 2017–2018 PBA, the project was moved from 2018 firm to 2019 firm and increased by \$10 million grant and \$10 million loan (total \$20 million additional). The project will contribute to development of environmentally resilient municipal infrastructure. To accommodate the government request for a river embankment in the Pyanj River basin, the Disaster Resilience in Pyanj River Basin Project was programmed as standby in 2019, which will utilize \$20 million from disaster risk reduction allocations allocated for 2019 and 2020.

6. The summary of changes to the lending and nonlending programs is reflected in the revised results framework in Appendix 1. The indicative lending and nonlending program is in Appendix 2, the assistance program for 2017 in Appendix 3, and a list of indicative knowledge publications and events in Appendix 4.

³ ADB. 2016. *Tajikistan: Country Operations Business Plan, 2017-2019*. Manila.

COUNTRY ASSISTANCE RESULTS AREAS

Key Country Development Outcomes to which ADB Contributes	ADB		
	Key Areas of Assistance	Indicative Resource Allocation in 2018–2020 ^a	Changes from Last COBP
1. Transport			
Reduced time and costs of movement of people and goods Increased competition and private sector participation in road maintenance	Highways, national roads to develop economic corridor between Dushanbe and Kurgonteppa, Kurgonteppa–Dangara–Kulob road services, road safety, road maintenance, road transport policies, and reforms	Amount: \$151.25 million Share of COBP envelope: 45.04% of \$335.78 million Proposed cofinancing amount: \$43.00 million	Kurgonteppa–Dangara–Kulob Road Project was added as 2020 firm
2. Energy			
Increased reliability of electricity supply to all citizens, particularly those in rural areas Improved access to affordable electricity by all citizens and businesses Higher levels of electricity exports from summer surplus to neighboring countries	Improvement of distribution networks	Amount: \$65.00 million Share of COBP envelope: 19.36% of \$335.78 million Proposed cofinancing amount: \$10.00 million	Power Sector Development Project was moved from 2017 firm to 2018 firm due to approvals delay
3. Education			
Skills development to increase productive employment	Rehabilitate and reform technical and vocational education and training	Amount: \$28.00 million Share of COBP envelope: 8.34% of \$335.78 million Proposed cofinancing amount: \$10.00 million	No changes
4. Public Sector Management			
Increased business capability and opportunities	Improvements to the investment climate through structural reforms, development of the private sector, and job creation	Amount: \$20.00 million Share of COBP envelope: 5.96% of \$335.78 million Proposed cofinancing amount: \$5.00 million	Investment Climate Reforms Program (Subprogram 3) was moved from 2018 firm to 2020 firm due to delay in implementation of Subprogram 2
5. Health			
Improved quality of health services in both public and private medical clinics	Improvements in health care access, development of private medical clinics, health insurance system	Amount: \$32.09 million Share of COBP envelope: 9.56% of \$335.78 million Proposed cofinancing amount: \$0	This is a new sector which is in line with the new CPS for 2016–2020.

Key Country Development Outcomes to which ADB Contributes	ADB		
	Key Areas of Assistance	Indicative Resource Allocation in 2018–2020 ^a	Changes from Last COBP
6. Water and Other Urban Infrastructure and Services			
Developed environmentally resilient municipal infrastructure	Development of environmentally resilient municipal infrastructure in an integrated manner through public–private partnerships	Amount: \$39.44 million Share of COBP envelope: 11.75% of \$335.78 million Proposed cofinancing amount: \$5.56 million	This is a new sector which is in line with the new CPS for 2016–2020.

ADB = Asian Development Bank, COBP = country operations business plan, CPS = Country Partnership Strategy.

^a Includes the disaster risk reduction financing mechanism of \$30.00 million during 2018–2020.

Sources: Government of Tajikistan and ADB staff estimates.

INDICATIVE ASSISTANCE PIPELINE

Table A2.1: Lending Products, 2018–2020

Project/Program Name	Sector	Poverty Targeting	Strategic Agendas and Drivers of Change	Division	Year of TRTA/PDA	Cost (\$ million)						
						ADB						Co-finance
						Total	Regular OCR	COL	ADF Grants	Total	Gov't	
2018 Firm												
Power Sector Development Project	ENE	GI	ESG, IEG, GCD, PAR	CWEN	2016	75.0	0.0	45.0	20.0	65.0	0.0	10.0 ^a
CAREC Corridors 2, 5, and 6 (Dushanbe–Kurgonteppa) Road Project (additional financing)	TRA	GI	RCI, IEG, GCD, PAR	CWTC	2015	120.0	0.0	54.0	43.0	97.0	0.0	23.0 ^a
Water Resources Management in the Pyanj River Basin (additional financing) ^b	ANR	GI	IEG, PAR	CWER	n/a	10.0	0.0	0.0	4.44	4.44	0.0	5.56 ^a
Total						205.0	0.0	99.0	67.44	166.44	0.0	38.56
2018 Standby												
Inclusive Health Project	HLT	GI	IEG, ESG, GCD	CWSS	2017	32.09	0.0	10.0	22.09	32.09	0.0	0.0
Total						32.09	0.0	10.0	22.09	32.09	0.0	0.0
2019 Firm												
Inclusive Education for Good Jobs Project	EDU	GI	IEG, PAR, GCD	CWSS	2018	38.0	0.0	8.0	20.0	28.0	0.0	10.0 ^a
Dushanbe Urban Water Supply and Sanitation Project	WUS	GI	IEG, GCD, PSD, PAR	CWUW	2017	35.0	0.0	25.0	10.0	35.0	0.0	0.0
Inclusive Health Project	HLT	GI	IEG, ESG, GCD	CWSS	2017	32.09	0.0	10.0	22.09	32.09	0.0	0.0
Total						105.09	0.0	43.0	52.09	95.09	0.0	10.0
2019 Standby												
Investment Climate Reforms Program (Subprogram 3, PBL)	PSM	GI	IEG, GCD, PSD, PAR	CWPF	2018	25.0	0.0	0.0	20.0	20.0	0.0	5.0 ^a
Kurgonteppa–Dangara–Kulob Road Project	TRA	GI	RCI, IEG, GCD, PAR	CWTC		74.25	0.0	40.0	14.25	54.25	0.0	20.0 ^a
Rural Financial Inclusion Project	PSM	GI	IEG, GCD, PSD, PAR	CWPF	2018	25.0	0.0	0.0	25.0	25.0	0.0	0.0
Disaster Resilience in Pyanj River Basin Project ^b	ANR	GI	IEG, ESG, PAR	CWER		20.0	0.0	10.0	10.0	20.0	0.0	0.0
Total						144.25	0.0	50.0	69.25	119.25	0.0	25.0

Project/Program Name	Sector	Poverty Targeting	Strategic Agendas and Drivers of Change	Division	Year of TRTA/PDA	Cost (\$ million)							
						ADB					Total	Gov't	Co-finance
						Total	Regular OCR	COL	ADF Grants	Total			
2020 Firm													
Investment Climate Reforms Program (Subprogram 3, PBL)	PSM	GI	IEG, GCD, PSD, PAR	CWPF	2018	25.0	0.0	0.0	20.0	20.0	0.0	5.0 ^a	
Kurgonteppa–Dangara–Kulob Road Project	TRA	GI	RCI, IEG, GCD, PAR	CWTC		74.25	0.0	40.0	14.25	54.25	0.0	20.0 ^a	
Total						99.25	0.0	40.0	34.25	74.25	0.0	25.0	
2020 Standby													
Kurgonteppa–Dangara–Kulob Road Project (additional financing)	TRA	GI	RCI, IEG, GEM, PAR	CWTC		74.25	0.0	40.0	14.25	54.25	0.0	20.0 ^a	
Health Sector Development Project	HLT	GI	IEG, PAR, GCD	CWSS	2018	30.0	0.0	15.0	15.0	30.0	0.0	0.0	
Total						104.25	0.0	55.0	29.25	84.25	0.0	20.0	

ADB = Asian Development Bank; ADF = Asian Development Fund; ANR = agriculture, natural resources, and rural development; CAREC = Central Asia Regional Economic Cooperation; COL = concessional OCR lending; CWEN = Energy Division; CWER = Environment, Natural Resources, and Agriculture Division; CWPF = Public Management, Financial Sector, and Trade Division; CWSS = Social Sector Division; CWTC = Transport and Communications Division; CWUW = Urban Development and Water Division; EDU = education; ENE = energy; ESG = environmentally sustainable growth; GCD = governance and capacity development; GI = general intervention; Gov't = government; HLT = health; IEG = inclusive economic growth; MUL = multisector; OCR = ordinary capital resources; PAR = partnerships; PBL = policy-based lending; PDA = project design advance; PSD = private sector development; PSM = public sector management; RCI = regional integration; TRTA = transaction technical assistance; TRA = transport; WUS = water supply and other urban infrastructure and services.

^a Source of financing is to be determined.

^b Disaster risk reduction project.

Source: Asian Development Bank estimates.

Table A2.2: Nonlending Products and Services, 2018–2020

Project/Program Name	Sector	Division	Assistance Type	Sources of Funding				Total (\$'000)
				ADB		Others		
				Source	Amount (\$'000)	Source	Amount (\$'000)	
2018 Firm								
Rural Financial Inclusion Project	PSM	CWPF	TRTA	TASF	1,000		0	1,000
Inclusive Education for Good Jobs Project	EDU	CWSS	TRTA	Others	800		0	800
Kurgonteppa–Dangara–Kulob Road Project	TRA	CWTC	TRTA	TASF	1,200		0	1,200
Total					3,000		0	3,000
2019 Firm								
Investment Climate Reforms Program, Subprogram 3 (PBL)	PSM	CWPF	TRTA	TASF	1,250		0	1,250
Health Sector Development	HLT	CWSS	TRTA	Others	750		0	750
Total					2,000		0	2,000

ADB = Asian Development Bank; CWPF = Public Management, Financial Sector, and Trade Division; CWSS = Social Sector Division; CWTC = Transport and Communications Division; EDU = education; HLT = health; PBL = policy-based lending; TRTA = transaction technical assistance; PSM = public sector management; TASF = Technical Assistance Special Fund; TRA = transport.

Source: Asian Development Bank estimates.

ASSISTANCE PROGRAM FOR CURRENT YEAR

Table A3.1: Lending Products, 2017

Project/Program Name	Sector	Poverty Targeting	Strategic Agendas and Drivers of Change	Division	Year of TRTA/PDA	Cost (\$ million)						
						ADB					Gov't	Co-finance
						Total	Regular OCR	COL	ADF Grants	Total		
Achieving Food Security through Climate Resilience Dairy Value Chain Development	ANR	GI	ESG, IEG, GEM, PAR	CWER	2016	40.00	0.00	24.50	10.50	35.00	0.00	5.0 ^a
Investment Climate Reforms Program (Subprogram 2, PBL)	PSM	GI	IEG, GCD, PSD, PAR	CWPF	2014	50.00	0.00	30.77	19.23	50.00	0.00	0.0
Total						90.00	0.00	55.27	29.73	85.00	0.00	5.0

ADB = Asian Development Bank; ADF = Asian Development Fund; ANR = agriculture, natural resources and rural development; CAREC = Central Asia Regional Economic Cooperation; COL = concessional OCR lending; CWER = Environment, Natural Resources, and Agriculture Division; CWPF = Public Management, Financial Sector, and Trade Division; CWTC = Transport and Communications Division; ESG = environmentally sustainable growth; GCD = governance and capacity development; GEM = gender equity and mainstreaming; GI = general intervention; Gov't = government; IEG = inclusive economic growth; OCR = ordinary capital resources; PAR = partnerships; PBL = policy-based lending; PDA = project design advance; PSD = private sector development; PSM = public sector management; RCI = regional integration; TRA = transport; TRTA = transaction technical assistance.

^a Source of financing is to be determined.

Source: Asian Development Bank estimates.

Table A3.2: Nonlending Products and Services, 2017

Assistance Name	Sector	Division	Assistance Type	Sources of Funding				
				ADB		Others		Total (\$'000)
				Source	Amount (\$'000)	Source	Amount (\$'000)	
Achieving Food Security through Climate Resilience Dairy Value Chain Development	ANR	CWER	TRTA	TASF	500		0	500
Dushanbe Urban Water Supply and Sanitation Project	WUS	CWUW	TRTA	TASF	800	CDIA	500	1,300
Inclusive Health Project	HLT	CWSS	TRTA	TASF	500		0	500
Total					1,800		500	2,300

ADB = Asian Development Bank; ANR = agriculture, natural resources and rural development; CDIA = Cities Development Initiative for Asia; CWER = Environment, Natural Resources, and Agriculture Division; CWSS = Social Sector Division; CWUW = Urban Development and Water Division; HLT = health; TRTA = transaction technical assistance; TASF = Technical Assistance Special Fund; WUS = water supply and other urban infrastructure and services.

Source: Asian Development Bank estimates.

INDICATIVE KNOWLEDGE PUBLICATIONS AND EVENTS

Table A4.1: Knowledge Publications and Events for 2018

Title of Publication or Event	Subject	Type	Department or Sector Group or Thematic Group	Fund Source
Asian Development Outlook 2018, its update, and supplements (July, December)	Economics	Publication and documentation	ERCD, Tajikistan Resident Mission	TA 9149
Key Indicators for Asia 2018	Economics	Publication and documentation	ERCD	TA 9023
Aid for Trade Report 2018	Economics	Publication and documentation	ERCD	TA 8655
Publications and events organized in 2018 as part of the CAREC Program activities	RCI, Energy, Transport, Industry and Trade, Finance, Private Sector Development	1 publication and documentation 9 events	CWEN CWRC CWTC EAPF	TA 6488 TA 8147 TA 8148 TA 8301 TA 8386 TA 8584 TA 8585 TA 8586 TA 8746 TA 8789 TA 8804 TA 8934
Asia Clean Energy Forum 2018	Energy	Event	SDAS	.
Total number of publications = 4 Total number of events = 10				

ADB = Asian Development Bank; CAREC = Central Asia Regional Economic Cooperation; CWEN = Energy Division; CWRC = Regional Cooperation and Operations Coordination Division; CWTC = Transport and Communications Division; EAPF = Public Management, Financial Sector and Regional Cooperation, East Asia Department; ERCD = Economic Research and Regional Cooperation Department; RCI = regional cooperation and integration; SDAS = Sector Advisory Service Division; TA = technical assistance.

Note: Publications may include databases, multimedia, and other forms of documentation. Events may include event organization and training or capacity development.

Source: Asian Development Bank.

Table A4.2: Additional Knowledge Publications and Events Delivered in 2017

Title of Publication or Event	Subject	Type	Department or Sector Group or Thematic Group	Fund Source
Asian Development Outlook 2017, its update, and supplements (July, December)	Economics	Publication and documentation	ERCD, Tajikistan Resident Mission	TA 9149
Key Indicators for Asia 2017	Economics	Publication and documentation	ERCD	TA 8779
Several publications and events organized in 2017 as part of the CAREC Program activities	RCI, Energy, Transport, Industry and Trade, Finance, Private Sector Development	1 publication and documentation 9 events	CWEN CWRC CWTC EAPF	TA 6488 TA 8147 TA 8148 TA 8301 TA 8386 TA 8584 TA 8585 TA 8586 TA 8746 TA 8789 TA 8804 TA 8934
Asia Clean Energy Forum 2017	Energy	Event organization	SDAS	.
Forecasting methodology for employment generation and job creation in Tajikistan	Economics	Publication and documentation	CWRC, Tajikistan Resident Mission	TA 8936
Inclusive economic development in Tajikistan	Economics	Publication and documentation	CWRC	TA 8936
Labor market policy and employment in Tajikistan	Economics	Publication and documentation	CWRC	TA 8936
Favorable conditions for inclusive growth in Tajikistan	Economics	Publication and documentation	CWRC	TA 8936
Responses to external shocks in Tajikistan	Economics	Publication and documentation	CWRC	TA 8936
Impact of ADB Operations on Jobs and Inclusiveness in Tajikistan	Multisector	Publication and documentation	CWRC	TA 8936
Total number of publications = 9 Total number of events = 9				

ADB = Asian Development Bank; CAREC = Central Asia Regional Economic Cooperation; CWEN = Energy Division; CWRC = Regional Cooperation and Operations Coordination Division; CWTC = Transport and Communications Division; EAPF = Public Management, Financial Sector and Regional Cooperation, East Asia Department; ERCD = Economic Research and Regional Cooperation Department; RCI = regional cooperation and integration; SDAS = Sector Advisory Service Division; TA = technical assistance.

Note: Publications may include databases, multimedia, and other forms of documentation. Events may include event organization and training or capacity development.

Source: Asian Development Bank.