



Country Operations Business Plan

November 2018

Tajikistan
2019–2021

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Asian Development Bank

CURRENCY EQUIVALENTS

(as of 5 November 2018)

Currency unit	–	somoni (TJS)
TJS1.00	=	\$0.11
\$1.00	=	TJS 9.42

ABBREVIATIONS

ADB	–	Asian Development Bank
ADF	–	Asian Development Fund
COBP	–	country operations business plan
DRR	–	disaster risk reduction

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), 2019–2021 of the Asian Development Bank (ADB) is aligned with the country partnership strategy, 2016–2020 that the ADB Board of Directors 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 National Development Strategy of the Republic of Tajikistan for the period up to 2030.² 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 reengage 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. 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 Asian Development Fund (ADF) grants and concessional ordinary capital resources lending³. The indicative ADF grant available for commitment during 2019–2021 is \$301.56 million, including \$15.00 million from disaster risk reduction (DRR) resources.⁴ The final allocation will depend on available resources and the outcome of the country performance assessments. The indicative firm lending program for 2019–2021 consists of \$95.0 million in 2019, \$125.0 million in 2020, and \$120.0 million in 2021. Thus, the total amount of the pipeline during 2019–2021 is \$340.0 million. Cofinancing and funding from other sources, including the regional pool under concessional resources, will be explored. The final amount of assistance is subject to availability of resources and project readiness.

4. The 2017 debt distress classification of Tajikistan was assessed to be at high risk of debt distress. In accordance with the ADF grants framework, the country is to receive 100% of its country allocation in grants in 2018, subject to a 20% volume discount on the grant portion of the country allocation.⁵ ADB will closely monitor the economic situation in the country and coordinate with the International Monetary Fund on this issue. The technical assistance pipeline envisages \$7.0 million for 2019–2021. ADB will also assist private businesses through loans, equity investments, and guarantee facilities. ADB's Private Sector Operations Department is exploring

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

² Government of Tajikistan. 2016. *National Development Strategy of the Republic of Tajikistan for the period up to 2030*. Dushanbe.

³ However, due to high risk of debt distress, Tajikistan is eligible only for ADF grants.

⁴ The 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.

⁵ The proportion of grants for the resource allocation in 2019–2021 will be determined by future annual debt distress classifications in accordance with the ADF grants framework.

investments in finance, agribusiness, and mining, especially those operators with successful social impact and a strong environmental record.

III. SUMMARY OF CHANGES TO LENDING AND NONLENDING PROGRAMS

5. The changes in lending and nonlending programs from ADB's COBP, 2018–2020 are as follows:⁶

- (i) **Transport.** In addition to the Bohtar–Dangara–Guliston Road Project, to accommodate the government's continued request, the Road Development Project was added as 2019 firm. The project will support the reconstruction of the Obigarm–Nurobod road, which connects Dushanbe to the Kyrgyz Republic border in the northwest (Central Asia Regional Economic Cooperation corridors 2 and 5).
- (ii) **Energy.** The Power Sector Development Project was moved from firm 2018 to 2020 because of an approval delay. The project will facilitate the sector restructuring and introduction of management contracts for transmission and distribution companies, and improve metering and billing infrastructure in the capital of Dushanbe. In addition, to accommodate the government's urgent request to connect the energy systems of Tajikistan and Uzbekistan, the Reconnection to the Central Asian Power System Project was added as 2018 firm.
- (iii) **Public sector management.** Subprogram 3 of ADB's Investment Climate Reform Program is still programmed as 2020 firm. However, the program is contingent on the International Monetary Fund program in Tajikistan. Meanwhile, ADB will continue to support the government's structural reforms to improve the investment climate and create more jobs with higher pay. In particular, the Financial Sector Investment Project was added as 2019 firm.
- (iv) **Health and education.** As part of ADB's interest in supporting the health and education sectors, the Integrated Maternal and Child Health Project was programmed for 2018, and the Inclusive Education for Good Jobs Project was renamed the Skills and Competitiveness Sector Development Program and moved from 2019 to 2020.
- (v) **Food security.** Because of technical delays, the Climate-Resilient Dairy Value Chain Development Project was moved from 2018 to 2019. A new \$20 million Irrigation Project was programmed for 2020 to be implemented jointly with the European Union. 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 firm in 2021, which will utilize \$25 million from DRR allocations.
- (vi) **Water and other urban infrastructure and services.** The Dushanbe Water Supply and Sanitation Project, which had been proposed as 2019 firm, was moved to 2018 firm because it (i) has a specific scope and (ii) is ready to be implemented. The project will contribute to the development of environmentally resilient municipal infrastructure. In addition, the Urban Development Project was programmed as 2021 firm.

6. The summary of changes to 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 2018 is in Appendix 3, and a list of indicative knowledge publications and events is in Appendix 4.

⁶ ADB. 2017. *Tajikistan: Country Operations Business Plan, 2018–2020*. Manila.

COUNTRY ASSISTANCE RESULTS AREAS

Key Country Development Outcomes that ADB Contributes to	ADB		
	Key Areas of Assistance	Indicative Resources Available for Commitment in 2019–2021 ^a	Changes from Last COBP
1. Transport			
<p>Reduced time and costs of movement of people and goods</p> <p>Increased competition and private sector participation in road maintenance</p>	Highways, national roads to develop Bohtar–Dangara–Guliston economic corridor, road services, road safety, road maintenance, road transport policies, and reforms	<p>Amount: \$90.00 million</p> <p>Share of COBP envelope: 26.47% of \$340.00 million</p> <p>Proposed cofinancing amount: \$300.00 million</p>	The Road Development Project was added as 2019 firm and the Bohtar–Dangara–Guliston Road Project was added as 2021 firm
2. Energy			
<p>Increased reliability of electricity supply to all citizens, particularly those in rural areas</p> <p>Improved access to affordable electricity by all citizens and businesses</p> <p>Higher levels of electricity exports from summer surplus to neighboring countries</p>	Improvement of distribution networks	<p>Amount: \$65.00 million</p> <p>Share of COBP envelope: 19.12% of \$340.00 million</p> <p>Proposed cofinancing amount: \$10.00 million</p>	The Power Sector Development Project was moved from 2018 firm to 2020 firm because of an approval delay
3. Education			
Skills development to increase productive employment	Rehabilitated and reformed technical and vocational education and training	<p>Amount: \$20.00 million</p> <p>Share of COBP envelope: 5.88% of \$340.00 million</p> <p>Proposed cofinancing amount: \$10.00 million</p>	The Inclusive Education for Good Jobs Project was renamed the Skills and Competitiveness Sector Development Program and moved from 2019 to 2020
4. Public Sector Management			
Increased business capabilities and opportunities	Improvements to the investment climate through structural reforms, development of the private sector, and job creation	<p>Amount: \$35.00 million</p> <p>Share of COBP envelope: 10.29% of \$340.00 million</p> <p>Proposed cofinancing amount: \$0.00 million</p>	The new Financial Sector Investment Project was added for 2019 firm
5. Improved Food Security and Climate Resilience			
<p>Ensured food security and increased productivity of agriculture</p> <p>Strengthen disaster resilience and help spur investment</p>	Improvements in agricultural production and irrigation	<p>Amount: \$65.00 million</p> <p>Share of COBP envelope: 19.12% of \$340.00 million</p>	Because of technical delays, the Climate-Resilient Dairy Value Chain Development

Key Country Development Outcomes that ADB Contributes to	ADB		
	Key Areas of Assistance	Indicative Resources Available for Commitment in 2019–2021 ^a	Changes from Last COBP
	River embankment, climate change adaptation, disaster risk reduction and infrastructure investments	Proposed cofinancing amount: \$10.00	Project was moved from 2018 to 2019 A new \$20 million Irrigation Project was programmed for 2020 To accommodate the government's request for a river embankment, the Disaster Resilience in Pyanj River Basin Project was programmed for 2021
6. Water and Other Urban Infrastructure and Services			
Environmentally resilient municipal infrastructure developed	Development of environmentally resilient municipal infrastructure in an integrated manner through public–private partnerships	Amount: \$65.00 million Share of COBP envelope: 19.12% of \$340.00 million Proposed cofinancing amount: \$0.00 million	This is a new sector, which is in line with the CPS, 2016–2020

ADB = Asian Development Bank, COBP = country operations business plan, CPS = country partnership strategy.

^a Includes the disaster risk reduction financing mechanism of \$15.00 million during 2019–2021.

Sources: Government of Tajikistan; and Asian Development Bank estimates.

INDICATIVE ASSISTANCE PIPELINE

Table A2.1: Lending Products, 2019–2021

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		
2019 Firm												
Road Development Project	TRA	GI	RCI, IEG, GCD, PAR, GEM	CWTC	2018	410.0	0.0	0.0	60.0	60.0	70.0	280.0 ^a
Climate-Resilient Dairy Value Chain Development Project	ANR	GI	ESG, IEG, GEM, PAR, EGM	CWER	2016	20.0	0.0	0.0	20.0	20.0	0.0	0.0
Financial Sector Investment Project	PSM	GI	ESG, IEG, GCD, PAR, GEM	CWPF	2018	15.0	0.0	0.0	15.0	15.0	0.0	0.0
Total						445.0	0.0	0.0	95.0	95.0	70.0	280.0
2019 Standby												
Skills and Competitiveness Sector Development Program	EDU	GI	IEG, PAR, GCD, GEM	CWSS	2018	30.0	0.0	0.0	20.0	20.0	0.0	10.0 ^a
Investment Climate Reforms Program (subprogram 3), PBL	PSM	GI	IEG, GCD, PSD, PAR, GEM	CWPF	2019	20.0	0.0	0.0	20.0	20.0	0.0	0.0
Power Sector Development Project	ENE	GI	ESG, IEG, GCD, PAR, GEM	CWEN	2016	75.0	0.0	0.0	65.0	65.0	0.0	10.0 ^a
Total						125.0	0.0	0.0	105.0	105.0	0.0	20.0
2020 Firm												
Skills and Competitiveness Sector Development Program	EDU	GI	IEG, PAR, GCD, GEM	CWSS	2018	30.0	0.0	0.0	20.0	20.0	0.0	10.0 ^a
Investment Climate Reforms Program (subprogram 3), PBL	PSM	GI	IEG, GCD, PSD, PAR, GEM	CWPF	2019	20.0	0.0	0.0	20.0	20.0	0.0	0.0
Power Sector Development Project	ENE	GI	ESG, IEG, GCD, PAR, GEM	CWEN	2016	75.0	0.0	0.0	65.0	65.0	0.0	10.0 ^a
Irrigation Project	ANR	GI	ESG, IEG, GCD, PAR, GEM	CWER	2018	40.0	0.0	0.0	20.0	20.0	0.0	20.0 ^a
Total						165.0	0.0	0.0	125.0	125.0	0.0	40.0

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		
2020 Standby												
Bohtar–Dangara–Guliston Road Project	TRA	GI	RCI, IEG, GCD, PAR, GEM	CWTC	2020	50.0	0.0	0.0	30.0	30.0	0.0	20.0 ^a
Total						50.0	0.0	0.0	30.0	30.0	0.0	20.0
2021 Firm												
Bohtar–Dangara–Guliston Road Project	TRA	GI	RCI, IEG, GCD, PAR, GEM	CWTC	2020	50.0	0.0	0.0	30.0	30.0	0.0	20.0 ^a
Urban Development Project	WUS	GI	IEG, GCD, PSD, PAR, GEM	CWUW	2020	65.0	0.0	0.0	65.0	65.0	0.0	0.0
Disaster Resilience in Pyanj River Basin Project ^b	ANR	GI	IEG, ESG, PAR, GEM	CWER	2020	25.0	0.0	0.0	25.0	25.0	0.0	0.0
Total						140.0	0.0	0.0	120.0	120.0	0.0	20.0
2021 Standby												
Investment Climate Improvement through e-Governance Project, PBL	PSM	GI	IEG, PSD, PAR, GEM	CWPF	2021	50.0	0.0	0.0	40.0	40.0	0.0	10.0 ^a
Health Sector Development Project	HLT	GI	IEG, PAR, GCD, GEM	CWSS	2021	30.0	0.0	0.0	25.0	25.0	0.0	5.0 ^a
Total						80.0	0.0	0.0	65.0	65.0	0.0	15.0

ADB = Asian Development Bank; ADF = Asian Development Fund; ANR = agriculture, natural resources, and rural development; COL = concessional OCR lending; CWEN = Central and West Asia Energy Division; CWER = Central and West Asia Environment, Natural Resources, and Agriculture Division; CWPF = Central and West Asia Public Management, Financial Sector, and Trade Division; CWSS = Central and West Asia Social Sector Division; CWTC = Central and West Asia Transport and Communications Division; CWUW = Central and West Asia Urban Development and Water Division; EDU = education; EGM = effective gender mainstreaming; ENE = energy; ESG = environmentally sustainable growth; GCD = governance and capacity development; GEM = gender equity and mainstreaming; GI = general intervention; Gov't = government; HLT = health; 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 cooperation and integration; TRA = transport; TRTA = transaction technical assistance; WUS = water and other urban infrastructure and services.

^a Source of financing is to be determined.

^b Disaster risk reduction project.

Source: ADB estimates.

Table A2.2: Nonlending Products and Services, 2019–2021

Project/Program Name	Sector	Division	Assistance Type	Sources of Funding				Total (\$'000)
				ADB		Others		
				Source	Amount (\$'000)	Source	Amount (\$'000)	
2019 Firm								
Financial Sector Investment Project	PSM	CWPF	TRTA	TASF	1,500		0	1,500
Skills and Competitiveness Sector Development Program	EDU	CWSS	TRTA	Others	750		0	750
Irrigation Project	ANR	CWER	TRTA	TASF	1,000		0	1,000
Total					3,250		0	3,250
2020 Firm								
Urban Development Project	WUS	CWUW	TRTA	TASF	1,500		0	1,500
Bohtar–Dangara–Guliston Road Project	TRA	CWTC	TRTA	TASF	1,500		0	1,500
Total					3,000		0	3,000
2021 Firm								
Health Sector Development Project	HLT	CWUW	TRTA	TASF	750		0	750
Total					750		0	750

ADB = Asian Development Bank; ANR = agriculture, natural resources, and rural development; CWER = Central and West Asia Environment, Natural Resources, and Agriculture Division; CWPF = Central and West Asia Public Management, Financial Sector, and Trade Division; CWSS = Central and West Asia Social Sector Division; CWTC = Central and West Asia Transport and Communications Division; CWUW = Central and West Asia Urban Development and Water Division; EDU = education; HLT = health; PSM = public sector management; TASF = Technical Assistance Special Fund; TRA = transport; TRTA = transaction technical assistance; WUS = water and other urban infrastructure and services.

Source: ADB estimates.

ASSISTANCE PROGRAM FOR CURRENT YEAR

Table A3.1: Lending Products, 2018^a

Project/Program Name	Sector	Poverty Targeting	Strategic Agendas and Drivers of Change	Division	Year of TRTA/PDA	Cost (\$ million)						
						Total	ADB			Total	Gov't	Co-Finance
							Regular OCR	COL	ADF Grants			
Firm												
CAREC Corridors 2, 5, and 6 (Dushanbe–Kurgonteppa) Road Project (additional financing)	TRA	GI	RCI, IEG, GCD, PAR	CWTC	2015	90.00	0.00	0.00	90.00 ^b	90.00	0.00	0.00
Dushanbe Water Supply and Sanitation Project	WUS	GI	IEG, GCD, PSD, PAR, GEM	CWUW	2017	41.18	0.00	0.00	41.18	41.18	0.00	0.00
National Disaster Risk Management Project	ANR	GI	ESG, IEG, GEM, PAR	TJRM		10.00	0.00	0.00	10.00	10.00	0.00	0.00
Water Resources Management in Pyanj River Basin Project (additional financing)	ANR	GI	ESG, IEG, GEM, PAR,	CWER		11.50	0.00	0.00	6.50	6.50	0.00	5.00 ^c
Maternal and Child Health Integrated Care Project	HLT	GI	IEG, ESG, GCD, GEM	CWSS	2017	32.00	0.00	0.00	32.00	32.00	0.00	0.00
Reconnection to the Central Asian Power System Project	ENE	GI	ESG, IEG, GCD, PAR	CWEN	2018	35.00	0.00	0.00	35.00	35.00	0.00	0.00
Total						219.68	0.00	0.00	214.68	214.68	0.00	5.00

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 = Central and West Asia Energy Division; CWER = Central and West Asia Environment, Natural Resources, and Agriculture Division; CWSS = Central and West Asia Social Sector Division; CWTC = Central and West Asia Transport and Communications Division; CWUW = Central and West Asia Urban Development and Water Division; ENE = energy; ESG = environmentally sustainable growth; GCD = governance and capacity development; GEM = gender equity and mainstreaming; GI = general intervention; Gov't = government; HLT = health; IEG = inclusive economic growth; OCR = ordinary capital resources; PAR = partnerships; PDA = project design advance; PSD = private sector development; RCI = regional cooperation and integration; TJRM = Tajikistan Resident Mission; TRA = transport; TRTA = transaction technical assistance; WUS = water and other urban infrastructure and services.

^a Given the provisional nature of the indicative lending program, the composition of the lending instruments actually delivered may change.

^b The amount includes the ADF regional allocation of \$55.62 million.

^c The funding source is Green Climate Fund, approved on 21 June 2018.

Source: ADB estimates.

Table A3.2: Nonlending Products and Services, 2018

Assistance Name	Sector	Division	Assistance Type	Sources of Funding				
				ADB		Others		Total (\$'000)
				Source	Amount (\$'000)	Source	Amount (\$'000)	
Dushanbe Urban Water Supply and Sanitation Project	WUS	CWUW	TRTA	TASF	800	CDIA ^a	500	1,300
Inclusive Health Project	HLT	CWSS	TRTA	TASF	700		0	700
Road Development Project	TRA	CWTC	TRTA	TASF	1,000		0	1,000
Preparing Skills and Competitiveness Improvement Project	EDU	CWSS	TRTA	TASF	800		0	800
Total					3,300		500	3,800

ADB = Asian Development Bank, CDIA = Cities Development Initiative for Asia, CWSS = Central and West Asia Social Sector Division, CWTC = Central and West Asia Transport and Communications Division, CWUW = Central and West Asia Urban Development and Water Division, EDU = education, HLT = health, TASF = Technical Assistance Special Fund, TRA = transport, TRTA = transaction technical assistance, WUS = water and other urban infrastructure and services.

^a Under the ongoing ADB. 2013. *Technical Assistance for Supporting the Cities Development Initiative for Asia*. Manila (TA 8556-REG).

Source: ADB estimates.

INDICATIVE KNOWLEDGE PUBLICATIONS AND EVENTS

Table A4.1: Knowledge Publications and Events for 2019

Title of Publication or Event	Subject	Type	Department or Sector Group or Thematic Group	Technical Assistance
Asian Development Outlook, its update, and supplements	Economics	Publication and documentation	ERCD	TA 9149
Key Economic Indicators	Economics	Publication and documentation	ERCD	TA 9023
Asian Development Bank and Tajikistan: Fact Sheet	Multisector	Publication and documentation	DOC	Non-TA
Knowledge publications and events to be delivered in 2019 as part of the CAREC Program	Multisector	Publication and documentation/ event organization	CWRD, EARD	Various TA projects
Asia Clean Energy Forum	Energy	Event organization	SDCC	
Improving Urban Policy for Small and Medium Enterprises' Growth and Economic Diversification	Economics, industry and trade, private sector	Event organization	CWRD	TA 9493

CAREC = Central Asia Regional Economic Cooperation, CWRD = Central and West Asia Department, DOC = Department of Communications, EARD = East Asia Department, ERCD = Economic Research and Regional Cooperation Department, SDCC = Sustainable Development and Climate Change Department, 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 2018

Title of Publication or Event	Subject	Type	Department or Sector Group or Thematic Group	Technical Assistance
Improving Urban Policy for Small and Medium Enterprises' Growth and Economic Diversification	Economics, industry and trade, private sector	Event organization	CWRD	TA 9493
Tajikistan: Inclusive Business Market Scoping Study	Economics	Publication and documentation	SDCC	TA 8550

CWRD = Central and West Asia Department, SDCC = Sustainable Development and Climate Change Department, 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 A4.3: Innovation, Advanced Technology, and Pilot Initiatives to be Implemented in 2019

Item	Nature	Project Number	Sector or Theme	Division
Road Development Project	Unfolding road asset management system (tunnel module)	TBD	TRA	CWTC
Total number of innovation, advanced technology, and pilot initiatives = 1				

TBD = to be determined, CWTC = Central and West Asia Transport and Communications Division, TRA = transport, TRTA = transaction technical assistance.
Source: ADB.