

NATIONAL HUMAN
DEVELOPMENT REPORT 2011



*Empowered lives.
Resilient nations.*

TAJIKISTAN:

INSTITUTIONS AND DEVELOPMENT



Dushanbe-2012



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Dear reader!

With the initiative and support of UNDP and in cooperation with government ministries and agencies, civil society, international organizations working in Tajikistan, the analytical report under the title of 'National Human Development Report: Institutions and Development' has been developed, and brought to Your attention.

It should be noted that development of human capacity and institutional capacity is considered one of the priority goals of the Government of the country, and this process is thoroughly reflected in the key socio-economic document of the country – the "National Development Strategy of the Republic of Tajikistan for the period of 2015". Therefore, special attention is paid to the development of human capacity and building and strengthening capacities in all areas of development of society.

The current Report covers the issues of the role of institutions in the development process, with particular emphasis on the particular characteristics of this process. With regard to the analysis of development of human capacity in the country, the following topics have been thoroughly analyzed: the role of the state in the achievement of development goals, the legal framework for public administration, assessment of capacity for management of the development process, electronic government, partnership at the national level and etc. With a view to assessing institutional and human capacity, the concept of developing public policy on personnel, human resources management, and efficiency of personnel policy has also been analyzed.

In parallel with that, in order to identify the role of self-government in the national development system, its role in the overall public administration system, the legal framework and reform, coordination of the implementation process for reform, partnership at the national level have been reviewed and examined. Furthermore, the institutional capacity of the real sector of the economy was also investigated, and the issues related to the current situation, construction policy in the field of industry, agricultural reform, priority areas for development of institutional capacity, partnership in the real sector of the economy were assessed.

The Report also reflects the key areas of the social sector and human development, including social and economic development, the social services system, and regional aspects of social policy. Finally, the situation regarding environmental management related to the current situation, legal support for the development of institutional capacity in activities related to nature conservation, integration of ecological issues into the national development system, environmental education and public awareness, partnership in resolving the issues of nature conservation, financial support, have been thoroughly reviewed and included in the report.

With the purpose of providing public access in the process of development and reviewing of the current Report, a group of professional experts and scientists was engaged through an open competitive process. During the process of elaboration of this report, an editorial and coordination committee was established, and closely collaborated with international consultants from UNDP and public and research organizations of the country. This process led to the draft and final versions of the Report being developed, and forwarded to government ministries and departments of public and international organizations.

The 'National Human Development Report: Institutions and Development' contains vital issues and accordingly allows the reader to obtain much detail and useful information on the process of institutional strengthening and human capacity development in the country.

Sincerely Yours,
Sharif Rahimzoda
Minister of Economic Development and Trade
of the Republic of Tajikistan



Dushanbe, May 2012

Dear reader!

It gives me great pleasure to introduce the National Human Development Report of the Republic of Tajikistan 'Institutions and Development'.

Over the last 20 years the National Human Development Reports have become part of the success of the process, offering a major situational analysis and recommendations, which are taken into account during elaboration of national and sectoral strategic and policy documents for national development, thereby contributing to planned goals. During the preparation and implementation of these documents, government decision-makers at all levels, civil society, business, academia, and members of the public, have been involved in creating a new vision for the future development of the Republic of Tajikistan.

In the current report, in addition to the situational analysis of issues connected with the activities of local governing bodies – including in defining their roles in terms of legal aspects of decision-making and in the overall public administration system – the issues of financing of national development play a crucial role. These issues are important because of the need to expand opportunities for strengthening financial constituent of local self-governance bodies towards providing favourable conditions for socio-economic development and enhancement of people's welfare. The complex structure of, and variations between, economies of the region is linked particularly with the region's natural and resource-related features, together with its historical and cultural traditions, which in turn, aims to improve measures of economic policy for an integrated development of the region.

Global experience shows that only a rational balance of centralization and decentralization in public administration, as well as adequate financing of tasks assigned to various levels and state functions, has the potential to create favourable conditions for steady regional economic growth and contribute to their social and cultural development.

Reform in this field is important, and therefore, should be systemic and comprehensive. The process of rationalization of an existing structure requires elaboration of the mechanisms for financial equalization within the regions, taking actions towards strengthening the capacity of local self-governing bodies, as local governing and self-governing bodies have the main responsibility for making decisions on existing socio-economic tasks, as well as for a long-term economic development of their respective territory and projection of future perspectives for development.

The report highlights the calculation of the Regional Human Development Index in Tajikistan. Comparative analysis shows that there is a relative inequality in the rate of development of human capacity in regions of the country, with the most substantive differentiation observed in the income levels of the population. Therefore, the current National Report concludes that Tajikistan requires a comprehensive national programme, targeting the regional level, aimed at reviewing the policies related to income and salaries over the long-term.

According to the Global HDR 2011, Tajikistan's rating dropped from 112 to the 127, however, this is largely due to the fact that in 2011 the Global HDR analysis featured 187 countries, while only 169 were analyzed in 2010. Furthermore, the number of countries in the Human Development Index (HDI) rated 'very high', 'high' or 'medium', increased from 125 to 146 (with 16 countries changing their status). The actual HDI figure for Tajikistan rose from 0.604 to 0.607, maintaining the positive trend of growth during the last few years.

The role of the 'real' sector remains considerable in the development of the national economy. In this regard, the UNDP played a major role in supporting the agricultural and public administration reforms at regional and local levels, conducted by the government.

The ongoing reform processes in Tajikistan indicates increased urgency in and significance of the social reforms. Further advancements towards sustainable development are unlikely without accumulated challenges in the social sphere being addressed. However, many social problems require long-term solutions and cannot be quickly reformed. In order to address these challenges, it is necessary to coordinate many ongoing interventions, together with that of external aid provided by development partners. It is particularly important to increase the efficiency of regulatory activity of the state and the active participation of civil society in the implementation of appropriate policies towards achievement of the millennium development goals (MDGs) of Tajikistan.

Development of institutional capacity to improve management of nature conservation is one of the key issues of environmental policy at all levels of administration; global, sub-regional, regional, national and local.

Finding solutions to nature conservation issues requires an inter-sectoral approach. In this regard, the main challenge relates to the extent to which the legal mechanisms for environmental issues have been elaborated in the functional activities of various sectors of the economy. Cooperation between civil society, and local and central bodies of the state is also an important precondition for ensuring effective management of nature conservation policy.

During the forthcoming United Nations (UN) Conference on sustainable development in June 2012, in Rio-de-Janeiro, some of the key themes to be discussed will be improvement of institutional frameworks towards achievement of sustainable development, and issues related to the 'green economy' in the context of poverty eradication and sustainable development. The outcomes of the Summit, will undoubtedly be reflected in the nature conservation policy of the international community, including Tajikistan.

UNDP would like to thank the national experts, editors and members of the advisory groups, as well as the Coordinator of the present initiative, for their support in the development of the National Human Development Report. We would like to express our special gratitude to the international consultants, Mr. Andrey Ivanov and Mr. Mihail Peleah, for their contribution and advice.

The report provides important recommendations, and we hope that the government and relevant development institutions in Tajikistan, as well as other stakeholders, will continue their commitment to this initiative, and to shaping and implementing policies and programmes aimed at achieving the MDGs. UNDP in Tajikistan is ready to provide constant support to all national efforts in this area.

Finally, I would like to express confidence that 'Institutions and Development' will make a significant contribution to the implementation of activities and interventions aimed at the successful and sustainable development of the Republic of Tajikistan.

Alexander Zuev
UN Resident Coordinator and
UNDP Resident Representative in Tajikistan

Dushanbe, May 2012



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DG ECHO in Central Asia
EC Sector Policy Support Programme in the Social Protection
USAID Local Government Initiative
Tajik Branch of the Open Society Institute Assistance / Local Government Initiative
AKDN Mountain Societies Development Support Programme
UNDP Communities Programme

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ABBREVIATIONS:

ADB	Asian Development Bank
WUA	Water Users Association
JSC	Joint-stock company
AS	Agriculture sector
AMET	Association of Manufacturers and Entrepreneurs of Tajikistan
BWO	Basin Water Organization
GDP	Gross domestic product
WB	World Bank
RES	Renewable energy sources
WHO	World Health Organization
GNI	Gross national income
GBAO	Gorno-Badakhshan Autonomous Oblast
SC	State committee
SUE	State Unitary Enterprise
GEF	Global Environment Facility
DF	Dehkan farms
EBRD	European Bank for Reconstruction and Development
HCS	Housing and communal Services
CJSC	Closed joint stock company
EOP	Executive Office of the President of the Republic of Tajikistan
ICT	Information and communication technologies
IC	Institutional capacity
CPI	Consumer Price Index
MPI	Multidimensional Poverty Index
HDI	Human Development Index
IHDI	Inequality-adjusted HDI
HPI	Human Poverty Index
CDS	Collector - drain system
LEPAP	Local Environmental Protection Action Plan
CDM	Clean development mechanism
LSG	Local self-government
MEDT	Ministry of Economic Development and Trade
MLSP	Ministry of Labour and Social Protection
MoA	Ministry of Agriculture
SIC ICSD CA	Scientific Information Center of Intergovernmental Committee for Sustainable Development in Central Asia
NGO	Non-governmental organization
NRC	National Rehabilitation Center
NDS	National development strategy
OSCE	Organization for Security and Cooperation in Europe
OMI	Obligatory medical insurance
PO	Public organization

EP	Environmental protection
UN	United Nations
SPA	Specially protected areas
LFS-2009	Labour force survey 2009
OECD	Organization for Economic Cooperation and Development
SIP	State investment programme
PSRP	Public Sector Reform Project
PPP	Purchasing power parity
ICP	International comparison programme
PHC	Primary health care
VE	Vocational education
UNDP	United Nations Development Programme
PAR	Public administration reform
DRS	Districts of the republican subordination
RSE	Real sector of the economy
PRS	Poverty Reduction Strategy
PARS	Public Administration Reform Strategy
USSR	Union of Soviet Socialist Republics
ICTC	Information and Communication Technologies Council under the President of the Republic of Tajikistan
CIS	Commonwealth of Independent States
SWG	Sectoral working group
IS	Irrigation system
SES	Sanitary-epidemiological service
SPF	Social protection fund
FEC	Fuel and energy complex
EESD	Environmental education for sustainable development
UNESCO	United Nations Educational, Scientific and Cultural Organization
UNICEFF	United Nations International Children's Emergency Fund
USAID	United States Agency for International Development

BASIC DATA ON THE COUNTRY:

Form of Government: Presidential Republic

Head of the state: Emomali Rakhmon

Capital: Dushanbe

Independence Day: 9th September

Total area: 142, 6 thousand sq.km

Population: 7800,5 thousand people (31.12.2011)

Religion: Islam

National composition: Tajiks, Uzbeks, Russians, Tatars, Kyrgyzs, etc.

National currency: Somoni

HDI (Human Development Index): 0.607 (2011)

Life expectancy at birth: 72.8 years (2010)

Enrollment for education: 89.7% (2010)

Literacy of adult population: 99.8% (2010)

GDP per capita : US \$3 253 somoni (742.8 USD) (2010)

Inflation: 9.3% (2011)

Consumer prices index : 106.5% (2010)

Export: 1 194.7 million USD (2010)

Import: 2 656.9 million USD (2010)

Economic growth: 6.5% (2010)

Monthly average income per capita: 190.18 somoni (2010)

Birth rate: 29.4 people per 1,000 (2010)

Minimal pension: 80 Somoni (17.35 USD) (2011)

Minimal monthly salary: 80 Somoni (17.35 USD) (2011)

Average monthly salary: 354.44 somoni (80.9 USD) (2010)

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SUMMARY

SECTION 1

PUBLIC ADMINISTRATION IN THE CONTEXT OF HUMAN DEVELOPMENT

The first part of the Report analyses issues of institutional capacity in public administration reform, defining the substantive elements and notions as a basis for the development of a logical action plan to support decision-making.

Chapter 1.1. The role of the government in achieving development goals.

There are already some important lessons learned in the practice of public administration of the Republic of Tajikistan, based on which recommendations can be elaborated for the development of human capacity, and identification of approaches to improve institutional conditions for development of human capacity in the Republic of Tajikistan.

An effective instrument for development of modern democratic states has been administrative reform, the methodological basis of which was the concept of a state oriented to consumers: the government as a 'service centre' providing appropriate services and identifying obligations differentiated by levels of public administration. This ensures that citizens are prepared with appropriate qualifications for designing mechanisms for inter-governmental and civil monitoring, and evaluation of the quality of execution of government responsibilities.

The experience of implementation of public administration reform shows the importance of coordination of its individual elements and measures. Suspension or delay of changes in certain areas of public administration may slow down and undermine the modernization of others. The risk of inconsistency and changing the institutions by merely renaming their titles, as well

as imitation of reform without full implementing it are high during this transformation period.

With the aim of preserving and improving the results of reforms, activities of which cover a limited period of time, a system of management changes is required. This will ensure refinement of public administration institutions operating in the process of reform, expansion of best practices, and development of an agenda for future reform. Constant improvement of executive power is a condition for achieving national political and socio-economic objectives, ensuring the competitiveness of the country in the globalized world.

The main purpose of the next phase of reforms is to complete the process of renewing the governance structure and establishing the necessary legal, organizational and financial preconditions for its effective work in a new environment.

Chapter 1.2. Institutional capacity and human resources.

The effectiveness of public administration is determined primarily by human factors. The political situation of the 1990s led to limitations in the implementation of human resource policy; a decline in the status of 'intellectual' categories of labour; a reduction in the number of specialists employed in economics, science, education, medicine, and other

important sectors; and inconsistency in the establishment of market-oriented labour relations and elaboration of its legal framework. This situation had a negative impact in the area of social relations and development of labour resources, reducing opportunities for implementation of the constitutional rights of citizens to freely apply their capabilities, and resulting in the widening of unequal distribution of human resources by region of the Republic of Tajikistan.

Chapter 1.3. Local self-government within the national development system.

A modernization process for the territorial administration is a significant factor required for development of public administration at the national level. This can be seen in:

- weak development capacity, particularly at the local level;
- unclear division of powers between various levels of public administration;
- lack of revenue basis within local budgets;
- deficiency of revenue basis within local budgets;
- unsatisfactory quality of services provided to the population and business community.

In order to strengthen administration at the national level and improve governance at the local level, it is necessary to promote decentralization and delegation of power, as well as the application of contemporary methods of administration at all levels.

The next steps in relation to improving the public administration structure should be linked to specification of immediate measures towards implementation of the Public Administration Reform Strategy, implementation of the Law “On the System of Public Administration Bodies of the Republic of Tajikistan”, and the outcomes of horizontal and vertical functional reviews of

executive bodies of state power, together with development of the concept of reforming the machinery of government on the ground.

Chapter 1.4. System of financial support for national development

With a view to improving the institutional capacity of public finance management, significant actions have been accomplished. The national Millennium Development Goals (MDGs) have been defined, and key areas of public sector reform identified. In the fiscal sector, a number of important steps have been taken in fiscal decentralization, in order to improve institutional capacity and the effectiveness of implementation of government objectives and functions at the level of local bodies of public administration and self-government: as a result, the procedures in public finance management will improve.

Within the framework of World Bank projects including Public Sector Reform Project [PSRP], functional reviews and studies have been conducted by the Ministry of Finance and other government bodies of the fiscal sector. Important recommendations from the studies have been implemented: the establishment of a budget committee and improvement of the budgetary framework and planning system of public expenditure; the structure of the Ministry of Finance improved; and the Treasury created as an organ of public administration responsible for clear state functions and tasks.

The Public Finance Management Strategy has been developed and adopted, and public service reform and wage system of civil servants reform conducted. These reforms have been undertaken within the period of independence, under conditions of the transformation of the national economy, refusal from central planning and central budget

allocation. A thorough public administration reform strategy has been developed and actualize opportunities of the key bodies of government. Accordingly, new procedures for development, implementation and evaluation of the state budget have been adopted, including the new Law “On Public Finances”.

The reliability of the state budget depends on accurate macroeconomic forecasts, estimates of budget expenditures and the Medium-term Expenditure Framework.

Much attention has been paid to issues of institutional development and fiscal decentralization in the main strategic document on planning and forecasting of public expenditure priorities: the National Development Strategy (NDS) to 2015 indicates that “the functions and powers between central and local levels of executive bodies of the government and local self-government bodies are not adequately distributed. As a result, the efficiency of government bodies at the local level is reduced.” Therefore, it is necessary to analyze the existing regulatory framework and institutional capacity of public finance management. In this context it is also important to review public expenditure in priority sectors, including education, public health, and social protection.

The Public Finance Management Strategy determines the main tasks of fiscal decentralization in the medium- and long-term. These tasks need to be assessed for actual implementation.

The Human Development Report of Tajikistan aims to analyze the institutional capacity of the public finance management system and resolve the requirements of fiscal decentralization.

Thus, this chapter includes the following:

- analysis of macroeconomic and fiscal forecasts;
- analysis of the existing regulatory framework and

institutional capacity of the public finance management system;

- review of expenditure in priority sectors (education, healthcare and social protection);
- analysis of the tasks to be undertaken for fiscal decentralization in the medium and long term and evaluation of their actual implementation;
- improvement in the institutional capacity of public finance management and resolution of the issues of fiscal decentralization.

SECTION 2

INSTITUTIONAL MANAGEMENT: SECTORAL ASPECT

The second part of the Report analyses issues of institutional governance in different sectors of economics of Tajikistan.

Chapter 2.1 Institutional capacity in the real economy

This chapter provides an overview of the current situation in the 'real sector' of the economy (encompassing activities related to the aggregate supply and aggregate demand of the economy) of Tajikistan in the context of the NDS. Based on a functional review of relevant ministries and committees and a SWOT (strengths, weaknesses, opportunities and threats) analysis of the institutional capacity of the agricultural, industrial and energy sectors, the key issues, trends and paradoxes of institutional policy related to the real sector of the economy have been identified. The institutional policy of the Government of Republic of Tajikistan plays an important role in developing the human capacity of the real sector of the economy. Issues concerning structural policies and de-industrialization, and the impact of institutional factors on the development of the agricultural sector are discussed and have made it possible to identify priority areas for improving the efficiency of institutional capacity in the real sector of the economy.

Considering the dominant position and significant contribution of the agricultural sector to the development of the national economy, a topic of particular importance in this chapter is the institutional capacity reform in this sector. Given the ongoing reform of the Government of the Republic of Tajikistan, key areas including land reform and reform of the market for land use rights, integrated water resource management systems, and agricultural management reform at the regional and

local levels are analyzed. Finally, conclusions are drawn and recommendations provided for improving the institutional capacity of the real sector of the economy.

Chapter 2.2. The social sector and human development

This chapter discusses the current state of and perspectives for development in the social sphere, in relation to nationwide trends and the impact of reforms. At the same time, the importance of the institutional capacity of the sector is highlighted. Key aspects of social policy are considered in this chapter. Moreover, development trends in the processes of administration and financing of the social sector are reflected.

The main challenges in resolving social issues are faced at the local level, and therefore the actions of local authorities are crucial, in implementing activities to ensure that nationwide approaches are adopted throughout the country towards support for standards of living.

To properly support standards of living, it is necessary to have a large-scale system of assessment of various social, demographic, educational, regional and economic indicators of living standards. Such a system in the Republic of Tajikistan is still at the early stages of recovery, resulting in a lack of quality and timely assessment of welfare and not allowing for a systematic tracking of real progress in human development, especially at the regional level. In addition, opportunities for forecasting of social processes are limited.

Contradictions exist in the institutional environment of the social sphere, including between declared guarantees and financial provision; and between demand and supply of services. Thus, analysis of the management process of the education system highlighted a key problem: the retention of institutional conflict between the spheres of professional education and the labour market. In this case the conflict has a structural nature, and it is necessary to carry out major structural reform aimed at enhancing the functioning of educational institutions.

Assessment of the management of health systems revealed three conceptual problems that the government must address: overstated volume of government guarantees with unsecured financing; weak coordination of current planning and management strategies; and underdevelopment of medical services. It is important for the Republic of Tajikistan to improve the medical reporting system and to provide the necessary conditions for compulsory medical insurance.

An analysis of housing conditions and communal services as part of the institutional structure of the socio-economic system, allowed for the identification of key institutional conflicts of interests. This analysis justified the necessity for reforming the sector, particularly with respect to improvement of relevant institutional norms, and justification of the functioning of certain institutional forms that should give the clear and sustainable structure of interactions for disparate relations between government bodies, local self-government bodies, population receiving Housing and Communal Services (HCS).

The analysis of social policy at the state level provides information on general framework. Recent policy has delegated significant power from the state level to the regional level, with special

attention paid to social processes and the social policy of the regions. In the Republic of Tajikistan, financing the sectors that are important to human development, such as public health and education, are largely covered from local budgets (over 70 percent). Therefore, mechanisms for increasing the income of regions, as well as shaping social policy to address regional disparities and imbalances in development, are critical.

Chapter 2.3. Environmental Management

This chapter provides an overview of the institutional capacity in environmental management within the national development system, the mechanism for integrating environmental protection issues by sectors of the economy, and the organizational and legal foundations of environmental management in the context of local government and self-government.

Based on analysis of environmental laws and other legal acts, together with local government acts on environmental issues, key problems have been identified and perspectives shaped towards engaging self-governing bodies in the environmental law-making system and its application. Priority areas are in the distribution of powers through delegation of authority from specially authorized bodies in the field of environmental protection and sustainable management of natural resources, and local bodies of the state, and local self-governing bodies, and provision of adequate financial and material resources.

Interaction between local bodies and government authorities is the most important precondition for ensuring effectiveness in the management of environmental policy. One of the main tasks in reforming local self-governance is to create opportunities for such an interaction mechanism.

PREAMBLE

During recent decades, economists have increasingly paid more attention to the human dimension of economic development. This is reflected in the programmatic and analytical documents of the United Nations system and the World Bank, and since 1990, the United Nations Development Programme (UNDP) has published global reports on human development. The methodologies and measurements proposed by UNDP, enabling comparative analysis of progress by individual – and groups of – countries, and consideration of economic and social policy from this perspective. The appeal and popularity of the human development concept has grown rapidly, and over 100 countries, including Tajikistan, now issue national Human Development Reports (HDRs).

The most important provisions of these reports form a conceptual framework for additional government policy documents. The human development concept is multi-dimensional and can be applied in a variety of human and social contexts, and the annual HDRs of UNDP and national reports of various countries serve as evidence. The first report was published in 1990, along with the development of the theory itself and measurement indicators, and contained a thematic section devoted to urbanization. Subsequent reports included analysis of additional aspects, such as livelihoods, indicators on people's security, opportunities for social development by reducing expenditure on the military for example, new areas of cooperation, combating poverty, employment, the impact of globalization, consumption models, the interaction of human development with environmentally sustainable development, and others.

The modern vision of progressive social development assigns a central place for human in the the traditionally spiritual environment of the public life, but also in circulation of reproduction relations, based on the recognition, that a person is both the initial and final point of the socio-economic development. The human, or social, dimension of

development is its defining dominant, and material capacity is a condition for such a development. However, this important theoretical paradigm is not understood and accepted by all people today. The extended prevalence of material factors in the development of society has maintained the dominant role of stereotypes in those areas of activity which 'feed', and 'dress', etc., not only in everyday consciousness, but also among those who are in charge of defining development strategy. This is partly explained by the fact that the economy had not passed the stage of 're-industrialization', i.e. the transition to energy and resource-saving technologies, at which stage of development the role and importance of human beings and human capacity is at the forefront. Future development should be seen as socio-economic development in which economic aspects of development (such as efficiency and profitability) should be combined with social aspects (such as high rates of life expectancy and literacy).

Economic development is now increasingly associated in the minds of the people with the concept of 'human development', which constantly enriches and develops itself. The annual global HDRs produced by UNDP from from the 1990s has played a major role in this. The reports are increasingly used by policy-makers and leaders in order to formulate their political positions and arrangements. At the same time, the concept of human development is gaining recognition among researchers, who also utilize the UNDP reports. Public hearings on national reports are also significant, and where discussions have become increasingly professional.

INTRODUCTION

In 2000, the Government of the Republic of Tajikistan signed the Millennium Declaration, a common action plan for achieving global human development, providing a set of qualitative criteria for measurement and monitoring of success towards the progress of key areas expressed in the MDGs.

MDGs are important tools for policy makers. It is recognized that the national strategy and policy of the Republic of Tajikistan should be aligned with priorities of MDGs. It should be noted that:

- The linkage between the policy documents of the country, Millennium Declaration, MDGs and human development is multi-dimensional. Illustration 1 shows schematically how the key priorities of the NDS for the period to 2015 correlate with the MDGs and the broader objectives of the Millennium Declaration, which in turn, aims to enhance human development.

- Most activities towards achievement of the MDGs are being implemented in all areas of the social sphere and reforms are being effective.

- For effective achievement of the MDGs, which are in line with the Millennium Declaration, requires cohesion between and strengthening of institutional capacity of the public sector, business and civil society institutes.

- In order to reduce economic risks connected with inefficiency of existing institutions, actions are required across all areas within the framework of the medium-term Socio-Economic Development Programme of the Republic of Tajikistan. Firstly, the concern is institutional reforms, which help to ensure economic growth, and address the public administration, social sphere and local self-governance.

The Government of the Republic of Tajikistan has undertaken measures towards improving the public administration system, however, the current institutional reforms still lag behind as a result of the rapidly changing economic situation. Nevertheless, the present system of public administration is not effective enough and does not ensure appropriate regulation of market processes¹.

The Government of the Republic of Tajikistan and UN Country Office have consistently made joint efforts in assessing progress towards achievement of the MDGs:

- In 2001, the development of a Poverty Reduction Strategy (PRS) Paper was initiated, under the framework of which analysis of key progress monitoring indicators was conducted;
- In 2003, the report Progress Towards Millennium Development Goals was prepared, outlining the main development challenges of the country and opportunities to achieve objectives;
- In 2005, the report Investing in Sustainable Development: Millennium Development Goals Needs Assessment was prepared;
- In 2007, the policy documents National Development Strategy of the Republic of Tajikistan for the period to 2015 and the Poverty Reduction Strategy for 2007-2009 were developed, to define existing issues and outline priorities oriented to achievement of the MDGs; and
- In 2010, the MDGs Implementation Progress Report was developed, taking into account the consequences of the global financial-economic crisis. Poverty Reduction Strategy for 2010-2012 was adopted.

¹ Poverty Reduction Strategy of the Republic of Tajikistan for 2010-2012, p.18.

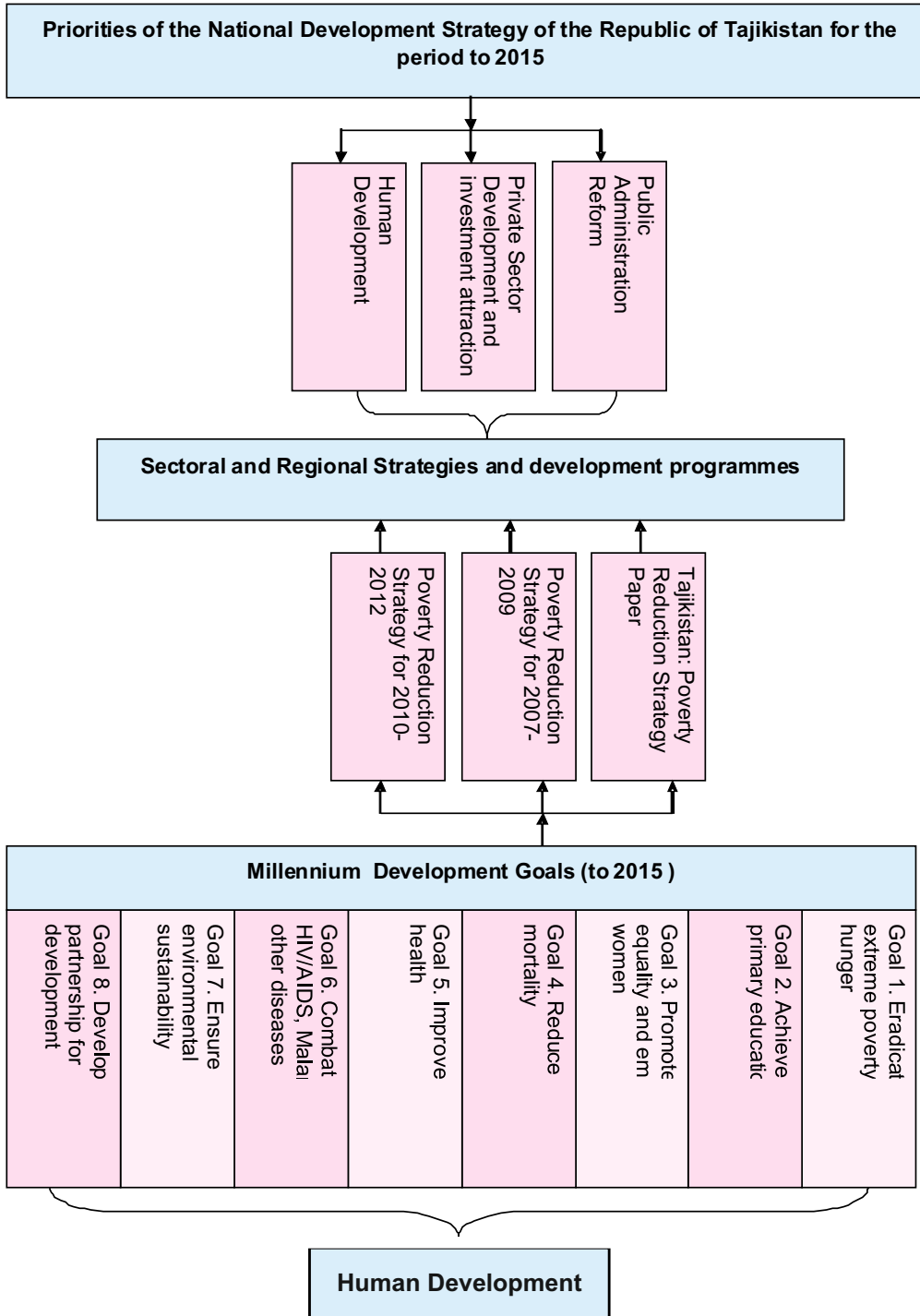
In accordance with the NDS, the following have been identified as common priorities for the real sector of the economy:

1. Development of material production as an entire system: re-orientation of sectoral policy to achieve national goals and priorities; promoting competitiveness; reducing administrative barriers; diversification and modernization of production; ensuring of food security; and enhancement of export capacity.
2. Increase of efficiency in the use of available resources, including: volume of electric energy produced, available land resources, natural resources, and other main production sectors; and increase the overall level of labour productivity.
3. Promotion of the most important investment projects, predominately within the framework of private sector initiatives and public-private partnership.

The following have further been identified as specific priorities of the real sector, in accordance with the NDS:

1. Enhancement of energy potential, including covering electricity shortages and increasing the volume of electric energy exports.
2. Increased productivity of agricultural commodities, including through strengthening the capacity of the private sector in rural areas by: (i) supporting the government in consolidation of material and technical resources of dehkan farms; (ii) developing entrepreneurship in agriculture and ensuring equal land-use rights and guarantees; (iii) rehabilitation and development of irrigation systems; (iv) providing access to low-interest credit in rural areas; and (v) creating favourable conditions for access to preferential credit.
3. Support for the private sector and investment, including small business, in selected industrial clusters by: (i) supporting private entrepreneurs in opening agro-processing mini-workshops in rural areas; (ii) establishing advisory and information centres; and (iii) supporting domestic exporters.

ILLUSTRATION 1.
Integration of MDGs and Human Development Concept into policy documents of the country



Insertion 1.**Current challenges towards achievement of MDGs in Tajikistan**

The economy of the Republic of Tajikistan remains vulnerable to potential threats, including the new macroeconomic shocks that occurred after the recent global financial crisis, and which caused additional obligations for the government to preserve social indicators of development.

New challenges of development “expressed in the deterioration of quality of knowledge of young people, rising unemployment, worsening quality of drinking water, climate change issues and adaptation of sectors of the economy to climate change, complicating the process of energy supply, increase in scale of malnutrition, occurrence and rapid spread of infectious diseases, expanding food crisis, etc. There are new risks, the danger of which is that progressive developments achieved in previous years, can be lost in a short period of time. They came mainly in 2008 during the new financial and economic crisis and continue to exist to date”.

Source: MDG Tajikistan Progress Report 2010. Dushanbe, 2010.

The real sector of the economy is considered the core of the economic system of a country and its sustainable development, through the promotion of public-private partnerships and investment promotion to create a stable (and high) rate of economic growth and ensure poverty reduction (MDG1). At the same time, development of the agricultural, industrial, and energy sectors provides objective conditions and real opportunities for increasing domestic employment, export diversification, improvement of access to social services, and improvements in the population's welfare.

A formal institutional framework that is based on openness, accountability and equal opportunities leads, in turn, to the creation of informal rules that provide conditions for long-term growth. “Openness” means transparency in operations of government bodies at the local level. Compared with fiscal or monetary policy, the impact of these principles on economic growth appear at first to be less visible, however, their existence have important long-term benefits.

The development of institutional capacity at all levels of management is firstly to create positive expectations, measures of responsibility, and enhance confidence among economic agents in the activities of state bodies and each other. In this connection, the purpose of this report is to analyze the institutional capacity of existing institutions of the Republic of Tajikistan and their impact on national development and local self-governance of the country. Thus, the main objectives of the report are:

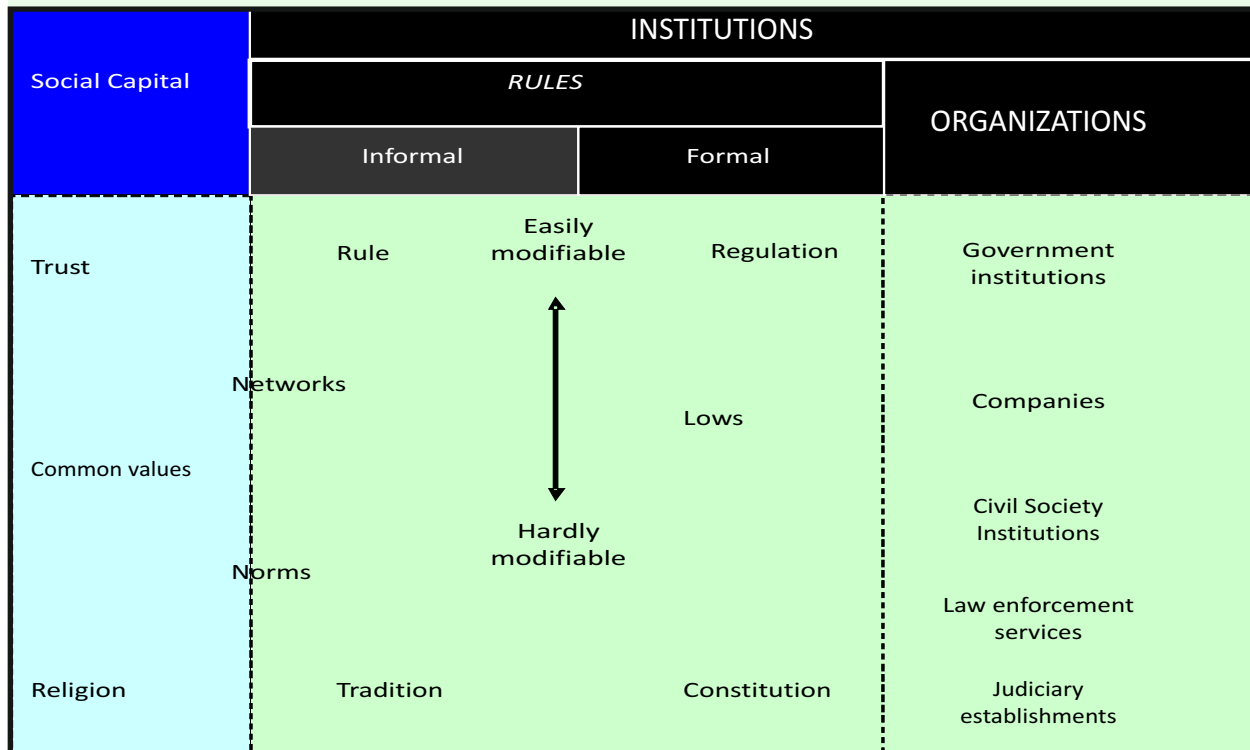
- To review the current structure of institutional capacity for democratic transformation in the Republic of Tajikistan:
 - Institutional capacity of public administration institutions, their types and structure
 - Institutional capacity for poverty reduction
 - Institutional capacity of local self-governance in the Republic of Tajikistan
- To review resource provision for institutional capacity improvement, including:
 - Socio-economic development
 - Social sphere
 - Environmental sustainability
 - Public finance management

Insertion 2.
What are institutions?

Institutions: are the 'rules of the game' in society, which establish interaction between people and those that divide into formal and informal institutions. The formal institutions are a country's constitution, laws, decrees, government orders and so on, and the informal ones, its customs, traditions, inter-group norms and commonly accepted conventionalities.

Institutions: are also rules and regulations, mechanisms that ensure implementation of laws, and organization. This report examines institutions that provide direct socio-economic management of the country. Efficient institutions are those that are compatible with incentives. In this regard, institutions with internal implementation mechanisms are effective. An important aspect in the development of state institutions is to ensure that incentives created within this, actually contribute to emergence of the desired type of behaviour.

The formal institutions are rules that by the decision of state authorities became laws. Frequently, informal institutions act beyond the official legal framework.



1 SECTION PUBLIC ADMINISTRATION IN THE CONTEXT OF HUMAN DEVELOPMENT

CHAPTER 1.1 THE ROLE OF THE STATE IN ACHIEVING DEVELOPMENT GOALS

The optimal way to achieve human development goals is to harmonize the efforts of the government with the non-governmental sector, self-government and business. On this basis, it becomes possible to define the goals and common needs through the development of relevant state strategies and programmes. As a supplement to state resources, it will be possible to engage the capacity of private enterprise, and community based initiatives.

Thus, human development goals can be effectively realized only through a combination of the efforts of government, citizens, non-for-profit organizations and business. Moreover, the development of civil society institutions and a diversification of their activities, and an increase in the participation of citizens and civil society organisations could simultaneously be considered as objectives and as means of solving socio-economic development tasks and human capacity development. An effective management in the public sector, generally from a human development perspective, serves to ensure the balance of political, economic and social priorities of all population groups, based on a broad social consensus, under which the voice of all groups of the population are fully heard, including the most vulnerable segments of society.

The state, having the majority of resources and capabilities in comparison with the non-for-profit sector and business, has the main responsibility for developing human potential. Its primary task is to create the necessary conditions for effective realization of human development programmes, financed through the budget, but also through other sources, to ensure market development in the interests of people. This task is inseparable from that of improving organization, enhancement of

efficiency of public administration and management, development of local self-governance applicable to the whole range of their powers, but not only to human development. In this sense, reform of public administration and local government are common conditions for the implementation of human development programmes, and achievement of the MDGs.

Improving the quality of public administration implies the involvement of people in the decision-making process, creating mechanisms for public inspection, expertise, and feedback. Thus, a person's knowledge, skills, and social activities become extremely important in a new public administration paradigm, based on cooperation, participation and interaction of all stakeholders. As a rule, modernization of the state structure is accompanied by processes including changes in procedures and configuration of institutional interests, which cause additional barriers to progressive transformation. Therefore, the active participation of civil society in the reform of public administration plays an important role.

Reviews conducted and analysis of the effectiveness of the system of public administration of the Republic of Tajikistan, confirm the need for a continuation of activities to optimize the functions and organization of institutional approaches to structural reform issues (despite the growth rates of these assessments during recent years). An effective instrument for development of modern democratic states is administrative reform, the methodological framework of which is the concept of a state oriented to consumers: the state as a 'service centre' which provides relevant services and defines commitments differentiated by levels of public administration, and ensures capacity development of citizens for the elaboration of mechanisms of intra-government and civil monitoring, and evaluation of the quality of implementation of public obligations.

“In wealthy and developed countries, high and sustainable living standards rests on a well-coordinated and harmonized market system, legal private property, strong social policy, political and cultural-spiritual pluralism, democratic governance, and a civil society with a well-educated middle class. Frankly speaking, to achieve all this at once is impossible. It takes years and years of patient, painstaking and dedicated work to achieve complete well-being on a new basis” (Rakhmonov E.Sh. The World – sense of our history. “Nezavisimaya Gazeta”. 5 September 2000).

Successful solutions to the challenges of sustainable development require the continuation of reform of the national economy, the creation of conditions for the functioning of various forms of ownership and competition in the market, and the effective use of all factors to achieve sustainable economic growth in the Republic of Tajikistan. The current situation of the country differs substantially from many CIS countries, primarily Central Asia.

Therefore, looking for ways to develop should encompass a wider range of issues, not limited to economic issues. In this context the concept of sustainable development covers other social problems, without resolving of which, the economy will not be socially-oriented and society will not steadily and optimally develop.

TABLE 1.1
Level and dynamics of public administration quality indicators for the Republic of Tajikistan

		Rating in 2009	Change in index: 1998-2009
1.	Citizens' voices and accountability of government bodies	10	Improvement in 0.38 points
2.	Political stability and absence of violence	16	Improvement in 1.26 points
3.	Government effectiveness	12	Improvement in 0.42 points
4.	Regulatory quality	13	Improvement in 0.65 points
5.	Rule of law	11	Improvement in 0.57 points
6.	Control of corruption	12	Improvement in 0.29 points

Source: Statistical data of the World Bank

Insertion 3.
International indices and rankings of institutional development.

There are a number of regularly updated international indices and rankings, which reflect certain national institutional aspects including the level of investment and business risks, the degree of economic and political freedoms, corruption rate, etc. These assessments are published by both large organisations (such as, OECD, World Bank, UNCTAD) and independent research centres and public organisations (for example, Institute of Fraser, Transparency International, Heritage Foundation, Freedom House, etc) as well as private consulting companies and rating agencies (for example, A.T.Kearney, Standard & Poors, Global Insight, Goldman Sachs).

For instance, governance quality indicators (World Bank Worldwide Governance Indicators) cover six main dimensions of governance reflected by aggregated indicators:

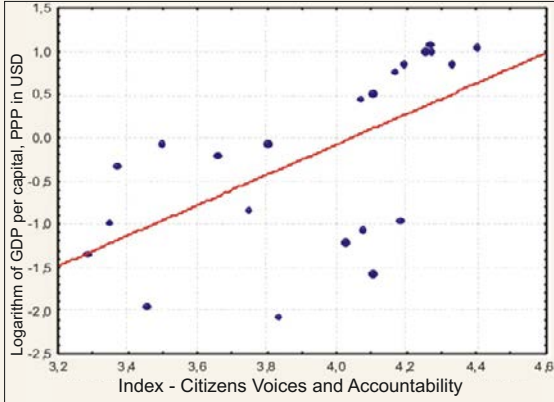
1. Voice and accountability;
2. Political stability and absence of violence;
3. Government effectiveness;
4. Regulatory quality;
5. Rule of law;
6. Control of corruption.

The data applied in the analysis is a statistical compilation of the survey of firms, individuals and various agencies involved in assessment of business risks, non-governmental organisations and research centres as well as other organisations of public sector. For each of six governance quality indicators, a ranking is given – from 0 to 100 that shows the place of the country among all countries of the world. Accordingly, the lower the ranking, the worse the governance quality.

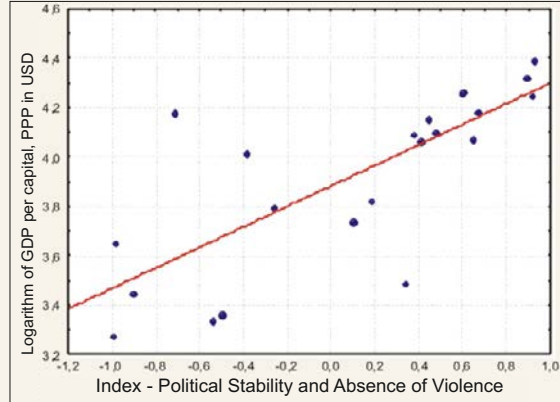
For countries with transition economies, the correlation between economic and institutional development is identified (Illustration 2).

ILLUSTRATION 2.
Correlation between economic and institutional development.

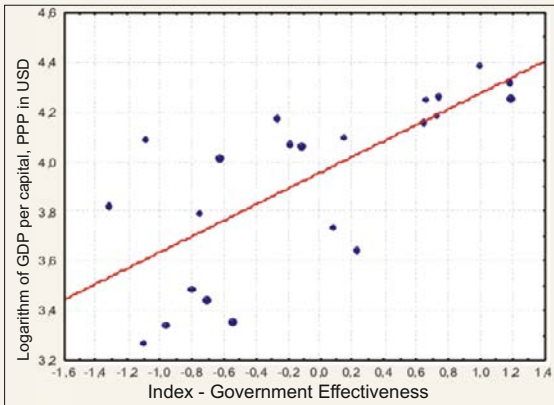
Correlation between GDP per capital and Citizens Voices and Accountability of Government Bodies (selected regions: post-Soviet countries - Eastern Europe and former USSR), Correlation coefficient $R=0.592$ (data for 2009)



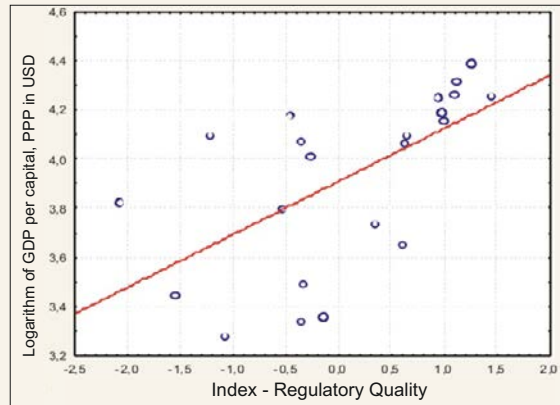
Correlation between GDP per capital and Political Stability and Absence of Violence (selected regions: post-Soviet countries - Eastern Europe and former USSR), Correlation coefficient $R=0.759$ (data for 2009)



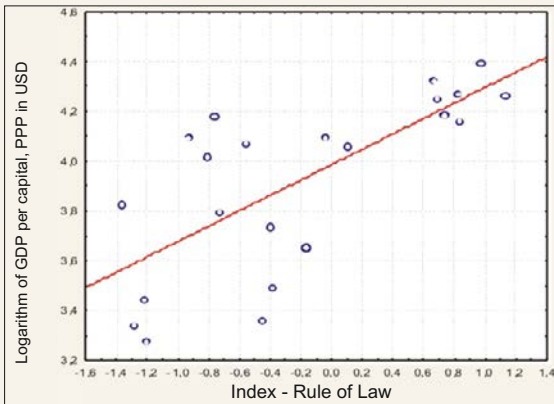
Correlation between GDP per capital and Government Effectiveness (selected regions: post-Soviet countries - Eastern Europe and former USSR), Correlation coefficient $R=0.716$ (data for 2009)



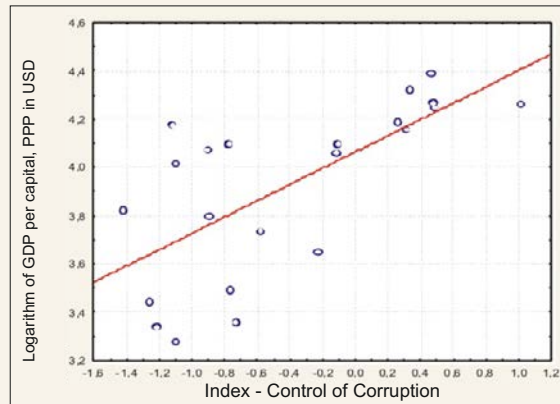
Correlation between GDP per capital and Regulatory Quality (selected regions: post-Soviet countries - Eastern Europe and former USSR), Correlation coefficient $R=0.60$ (data for 2009)



Correlation between GDP per capital and Rule of Law (selected regions: post-Soviet countries - Eastern Europe and former USSR), Correlation coefficient $R=0.715$ (data for 2009)



Correlation between GDP per capital and Control of Corruption (selected regions: post-Soviet countries - Eastern Europe and former USSR), Correlation coefficient $R=0.682$ (data for 2009)



Data of indices for the Republic of Tajikistan calculated and published by World Bank on a regular basis.

An assessment of the correlation of institutional development indices in the economic dynamics of the Republic of Tajikistan suggests that institutional development generally correlates with economic development. During the period of 1998-2009, the gross domestic product (GDP) growth was accompanied by an improvement in the quality of the institutional environment (correlation is relatively higher: more than 0.7), with the 'Index – political stability and absence of violence' (see Illustration 2 above), an indicator of governance effectiveness.

The next steps with regard to improving the governance structure should be linked to the specification of immediate measures towards implementation of the Public Administration Reform Strategy, implementation of the Law "On the System of Public Administration Bodies of the Republic of Tajikistan", the outcomes of horizontal and vertical functional reviews of executive bodies of the state, together with development of the 'Concept' for reforming the machinery of government on the ground.

1.1.1 Governance system legal framework

A new system of public administration is emerging in the Republic of Tajikistan, which appears to be more successful in resolving development challenges. Furthermore, a reconsideration of the types of institutions, and their competencies, responsibilities and accountabilities is underway.

According to the Constitution of the Republic of Tajikistan, it is a sovereign, democratic, constitutional, secular and unitary Republic. The people of Tajikistan exercise government through their constitutional representatives: parliament, the president, government and the judiciary.

The President of the Republic of Tajikistan is the head of the state and chairman of the Government of the Republic of Tajikistan. The President of the Republic of Tajikistan, with an agreement from parliament – the Majlisi Oli – forms the government, ministries and state committees. The Government of

the Republic of Tajikistan, headed by the President, comprises a Prime Minister, First Deputy Prime Minister, and two deputies of the Prime Minister leading the social sector, agriculture, industry, construction, energy, and other sectors of the national economy. The government also includes all the ministries and chairmen of state committees.

The system of public administration of the Republic of Tajikistan includes ministries (14), state committees (3), and other institutions of governance, including additional committees, commissions, agencies, state inspections and other institutions under the President and the Government of the Republic of Tajikistan (Annex 1.1.1.).

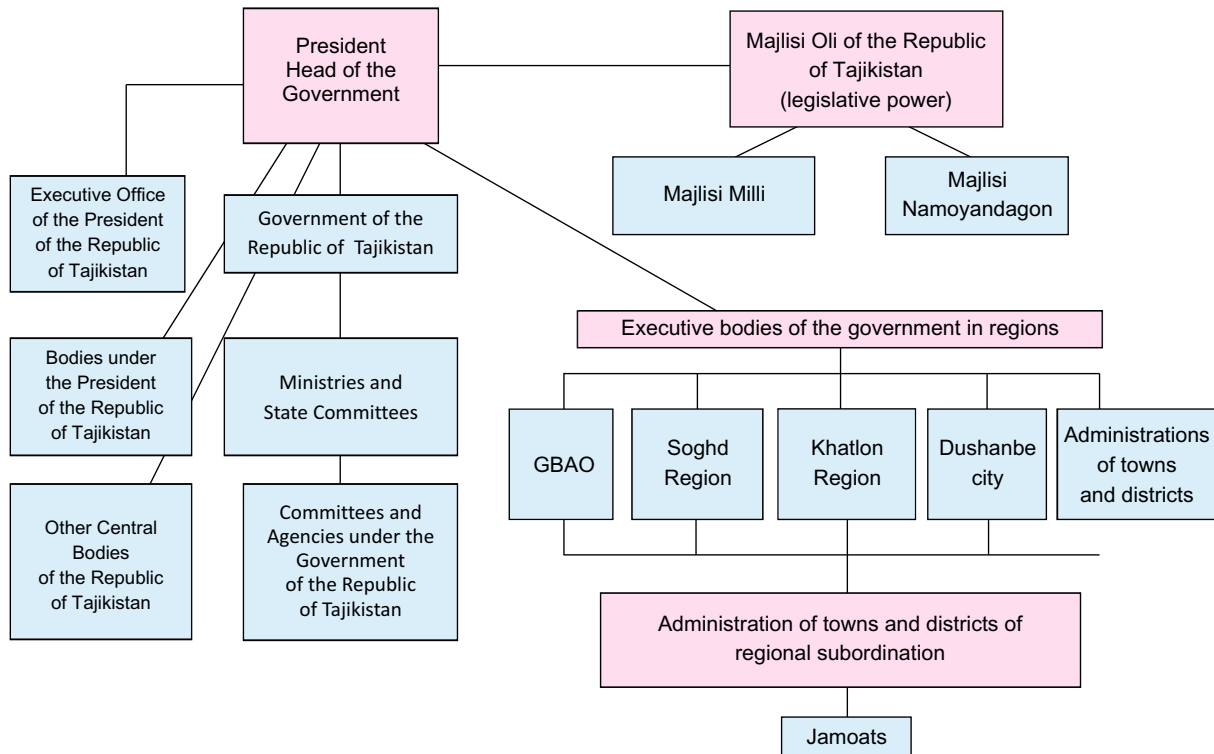
The government may delegate some parts of its power that are not exclusively governmental powers, to other bodies, including local state bodies, while the public administration system also includes the establishment of local authorities endowed with powers and authorities of executive power.

Pursuant to Article 7 of the Constitution of the Republic of Tajikistan, "Tajikistan consists of Gorno-Badakhshan Autonomous Oblast, regions, towns, districts, settlements, and villages". The administrative-territorial division of the Republic of Tajikistan is defined according to this constitutional framework (see Illustration 3 and Annex 1.1.2.).

Designing the structure of centralized authorities of executive power of the Republic of Tajikistan was carried out as an unconditional priority, and following basic (institutional) principles:

- to form the structure of bodies as a three-tier model (Government of the Republic of Tajikistan – ministries – services/agencies);
- typology of the bodies defined as typology of functions and content of activities assigned to the body;
- to minimize the opportunity for the emergence of a 'conflict of interest' in the activities of government authorities;
- to determine clear and unambiguous definitions of boundaries of responsibility for each body.

ILLUSTRATION 3.
Current organizational structure of the public administration in the Republic of Tajikistan



The purpose of using the three-tier structure was to separate the three levels of central executive bodies, and establishing defined dependence from each other, both vertically and horizontally.

The first tier – the level of the Government of the Republic of Tajikistan – is responsible for elaboration and implementation of a unified social and economic public policy, overall legal regulation, making important political decisions, overall management of the system of executive government bodies of the Republic of Tajikistan.

The second tier in the structure of the central executive bodies, are the ministries, which have been defined as bodies responsible for developing a unified public policy and legal regulations in thematic spheres.

Such kind of typology of bodies was built based on the unity of type of functional operations of executive bodies:

“**ministry**” – a central executive body responsible for formulation of a unified public policy, control and coordination of implementing bodies;

“**service**” – an executive body responsible for overseeing of compliance of the set requirements by institutions (“guard” of the government rules);

“**agency**” – an executive body responsible for managing the property complex, the exploitation of which enables to provide various services to certain categories of recipients on behalf of parent institutions of the government (both organizational and legal), “agency” type of activity.

After adoption of the Public Administration Reform Strategy, work has been undertaken on a range of reform areas, including functional reviews, restructuring of government, reforms in budget management, combating corruption, and the civil service. After the horizontal functional review and restructuring of the government in late-2006, work began on developing a draft Concept for improving the structure of Government of the Republic of Tajikistan.

It was approved by the President of the Republic of Tajikistan on 16 September 2008 (No.541). The main purpose of these initiatives is the legal consolidation and further development in the public administration system that had started after adoption of the Strategy. In order to implement the concept, an Action Plan was approved in 2009, based on which the vertical functional reviews of ministries of the Republic of Tajikistan have been carried out.

The vertical functional review of the Ministry of Labour and Social Protection (MLSP) was conducted between March 2008 and June 2009. It was the first functional review conducted by the Executive Office of the President, as part of the Public Administration Reform Strategy (PARS) in Tajikistan. This review aimed at optimizing the governance of institutional structures and developing the provision of public services.

Recommendations included to establish a new structure for the central apparatus of the ministry, which would rationalize production processes in social protection and employment sectors at the national and sub-national levels. This review was deemed a suitable pilot project or a springboard for the subsequent cycle of vertical functional reviews.

The Executive Office of the President decided to continue the programme of reviews, which were planned in accordance with the Order of the President of the Republic of Tajikistan dated October 25, 2008. A further nine ministries were reviewed:

1. Ministry of Finance;
2. Ministry of Economic Development and Trade;
3. Ministry of Energy and Industry;
4. Ministry of Agriculture;
5. Ministry of Transport and Communications;
6. Ministry of Education;
7. Ministry of Health;
8. Ministry of land Reclamation and Water Resources;
9. State Committee of Land Management and Geodesy.

Insertion 4.

Vertical functional reviews.

The reviews were important in that they:

- assessed the organisational structure of each sector under the leadership of the relevant ministry with a view to effectively implement public policy and key responsibilities for each sector;
- identified cross-cutting, overlapping and duplicated activities and functions that must be carried out formally, but are not executing. This includes joint fragmented functions that determine the conditions for effective implementation of key government functions;
- proposed new organizational structures and procedures to facilitate more effective and less costly achievement of goals, and implementation of the strategic objectives of the sector;
- identified functions outside of the scope of government responsibilities;
- proposed to delegate authority where appropriate, and suggested mechanisms to strengthen accountability at various management levels. This helped to delineate responsibilities between the centre and decentralized government activities; and
- identified and elaborated institutional optimization for staff structures and corresponding budgetary implications (financial implications for the state budget) for new staff.

In addition to the strategic analysis, recommendations have also been provided to the government on:

- functional changes in state laws, legal acts, and such key priorities as PARS;
- structural implications of strategic decisions, including any changes in regional and sub-regional institutions and agencies;
- functions that require a thorough restructuring or introduction of alternative service delivery mechanisms, taking into account the strategic priorities of the government and requirements of a market economy;
- redistribution of resources towards improving the performance of key functions and achieving maximum efficiency of operation; and
- innovative mechanisms of functioning, which may be contrary to traditional institutional boundaries, especially in remote territories of Tajikistan.

Upon completion of the reviews, by the order of the President of the Republic of Tajikistan, No.1574 of 5 April 2011, an Action Plan was approved to implement recommendations derived from reviews of the ministries and agencies of the Republic of Tajikistan, and which indicate the applicable approaches to public administration reform.

Local administrative authorities. Through legislative procedures, some functions of executive power have been delegated for implementation to the local level in accordance with national policy. The policy and standards were developed by the government and relevant ministries. Funding of such functions is fully or partly provided from the state budget, but administration and execution of functions are undertaken by local agencies. Examples of such functions are pre-school and general education, compulsory medical services (primary health care), and social services.

Local agencies that provide services within the administrative territory are under dual sub-

ordination. Similarly, responsibility for delivering delegated services is divided between the minister and local elected authority. Organizationally, local agencies are part of the local administrative system and therefore, formed by local government bodies with the agreement of the sectoral ministry. Functionally, they operate under the supervision of the central ministry, which is generally responsible for implementation of policy on the ground.

For regular supervision over execution of delegated functions, the ministry may establish agencies and inspectorates, which are charged to the administrative supervision and ensure communication between agencies and ministry.

Local authorities control implementation of the law at the local level and also ensure administrative coordination. Of the funds allocated from the state budget, local bodies finance the realization of functions at least at the level of compliance with the minimum (set by law and government) standards of services. The overall maintenance of infrastructure and maintenance work of such services is usually provided at the expense of local budgets.

This creates an incentive to local government authorities to streamline (optimize) infrastructure so as to minimize the cost of its maintenance. Upon allocation of appropriated funds for performing the delegated functions from local budget resources, local authorities may establish additional local requirements for quality and affordability of services.

Public associations (organizations). The state may delegate the function of performing public services to 'Public Associations' (organizations), established on the initiative of citizens (groups of individuals) and legally registered. These organizations are not part of the public administration, although if the state – within the framework of a contract – authorizes social organizations to perform particular functions, these organizations must comply with the law and meet the standards of service set by the state.

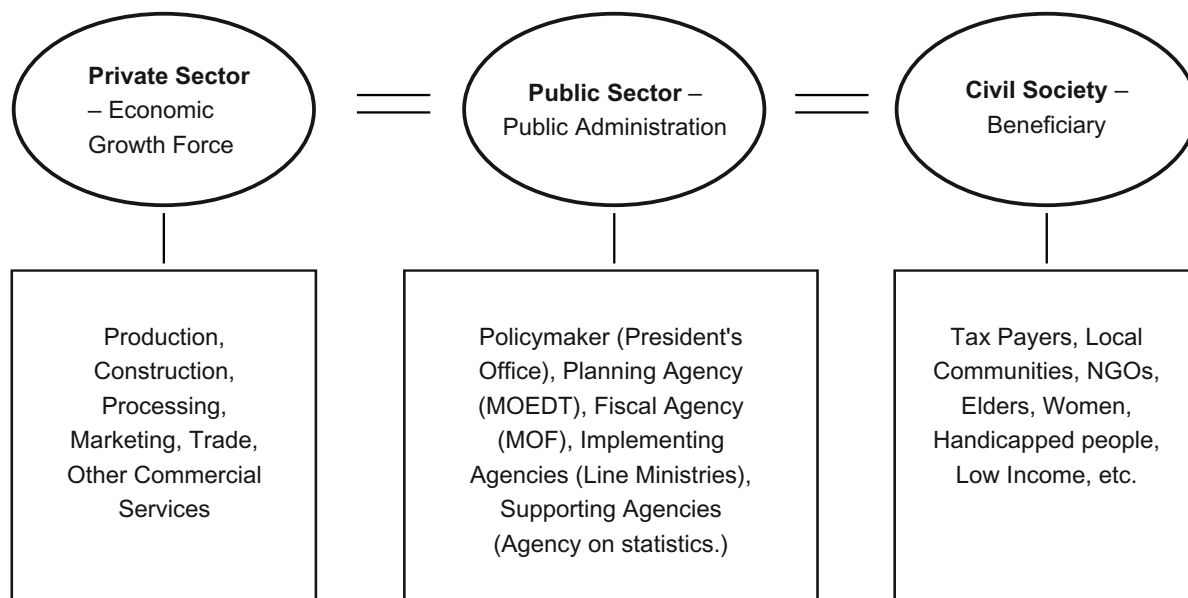
When delegating public authorities to utilize such entities, the contract stipulates the content, size, quality and cost of services provided. The state does not disclaim responsibility for ensuring the quality of services when delegating. Therefore, an authority that delegated the performance of certain tasks sets rules and mechanisms for oversight and accountability.

If public associations do not fulfill their contractual obligations the state should withdraw its authority and ensure their realization within the framework of law. If, however, public associations have caused damage to third parties resulting from its activities, the state shall be liable for compensation of damages. At the same time, the court may withhold damages from public associations (organisations).

1.1.2 Assessing capacities in development process management

Managing the process of development is part of the public administration system of the country. Despite the fact that Tajikistan is in the active phase of public administration reform, due attention should be given to the establishment of an effective 'National Development System'. The national development system is a network of administrative processes and interactions among development partners. This system comprises important aspects, particularly, the process of vertical and horizontal relationship of partners (as shown in Illustration 4). Given the fact that in this case peculiarities of national development are taken into account, and that emphasis is placed on strengthening national capacities, the role of donors as an external factor is not reflected.

ILLUSTRATION 4.
Horizontal relations with partners



Three groups of development partners participate in the development process: the public sector with responsibility for public management; the private sector in its capacity as a driver of economic growth; and civil society, as a beneficiary of development. All partners should be horizontally interconnected, and partake in the national development process.

Public Sector partners involved in the development process have a variety of roles: as a developer of strategy (Executive Office of the President of the Republic of Tajikistan); as a planning agency (Ministry of Economic Development and Trade); as Fiscal agency (Ministry of Finance); implementing agencies (sectoral ministries); and subsidiary bodies (Agency on Statistics).

Private Sector involvement includes business activity in sectors such as agriculture, mining production, construction, industry, processing, marketing, trade, and other commercial services.

Civil Society consists of different groups of the population not engaged in business and with varying interests, including: tax-payers, local self-government, local citizens, public associations, elderly people, women, and persons with disabilities.

Despite significant efforts by the government, implementation of the NDS and PRS is behind planned schedules due to insufficient institutional capacity and financial resources, lack of vertical and horizontal inter-agency interaction of government authorities, and inconsistency in development priorities.

The government developed a set of verifiable strategies and measures, distributed significant financial resources, including foreign aid, and took major steps towards achieving the MDGs. However, resources invested on development have not provided the maximum return, and some development activity did not bring the desired results.

1.1.3. Electronic government (E-government)

E-government as a new form of setting operations of executive authorities of the state includes interlinked tasks to improve interaction within executive bodies, and management based on the 'paperless office', while ensuring implementation of government functions based on interaction of the state with entities of civil society, on the basis of information and communications technology (ICT).

The concept of building e-government in Tajikistan is based on implementation of the National Strategy on "Information and Communication Technologies for Development of the Republic of Tajikistan" approved by Decree of the President of the Republic of Tajikistan on 5 November 2003, No.1174; the State Programme "Development and Implementation of Information and Communication Technologies in the Republic of Tajikistan" approved by Resolution of the Government of the Republic of Tajikistan on 3 December 2004, No.468; Concept of the State Information Policy of the Republic of Tajikistan approved by Decree of the President of the Republic of Tajikistan on 30 April 2008, No.451; and Public Administration Reform Strategy on 15 March 2006, No.1713.

Implementation of e-government will lead to positive changes in the relationships of the government with all users: citizens, executive bodies of state power, government agencies, civil servants and business representatives. Implementation of this concept would lead to improvements in the quality of, and reduction of timeframes for executive bodies of the state in delivering services to citizens and organizations, providing access to information databases of activities of executive bodies of the state, and – taking into account improvements in the administrative system – establishment of effective and optimal composition of state apparatus.

Insertion 5.**The policy of establishment and development of electronic government in Tajikistan**

will be based on the following principles:

- 1) utilization of the computerization process in priority tasks of public governance and socio-economic development;
- 2) integrity and unity of information and communication infrastructure of executive bodies of the state;
- 3) consistency and balance of pace and direction of informatization of individual executive agencies of the government;
- 4) standardization of informatization processes at executive agencies of the government;
- 5) accuracy and reliability of information, as well as economy of time and money.

Insertion 6.**The main components for establishment of electronic government.**

The E-government infrastructure includes compatible information technology systems, an ordered flow of data, and rules that govern all executive bodies of the state and government institutions in performing their functions, especially in situations where functions are performed by several institutions simultaneously. Necessary components of infrastructure are:

- single state architecture;
- turnover of electronic digital signature;
- electronic documents;
- electronic commerce;
- electronic payment systems;
- smart-cards of service recipients;
- smart-cards of government authorities;
- mobile telephony;
- satellite system;
- interactive documents.

The creation of e-government will modernize and enhance all levels of public administration from inter-agency interaction to interaction of the state and its citizens.

Key priorities and areas for building e-government

Ensuring effective functioning of e-government will require the integration of information systems of state bodies through interaction with the portal of e-government. In this case, the main connecting element of integration is universal communicative format of message for information exchange.

Under the framework of the PSRP, a unified network of information and communication between public authorities has been elaborated and is ready for implementation in Tajikistan. The purpose of this network is to create the information infrastructure for transmission of data, voice, and video, and provide access to internet information resources. For this purpose, implementation of the following tasks is underway:

- widening the network of data transmission of transport level;
- establishing the logical structure of the data transmission network;
- establishing the system for controlling access and administration of network equipment.

The creation of a network is undertaken to:

- ensure the smooth transfer of different types of IP-traffic, including transmission of data, voice (telephone traffic) and other electronic data;
- establish and develop information resources and systems for local government bodies.

The provision of electronic services for local government authorities is associated with the level of development of departmental information systems, and therefore regulation of interaction between information systems of local government authorities and information systems of institutions.

Developing systems to ensure public access to information.

To ensure public access to information on activities of public authorities and the public services they provide, it is planned to establish public access centres within post offices, libraries and other appropriate public places. Centres of public access to information on activities of public authorities and public services rendered by them may contain workstations or data terminals connected to the Internet. In order to provide comprehensive reference support to citizens on issues of interaction with public bodies, a single information-service system will be established.

Public-private partnership.

The main direction of public-private partnerships is the establishment of electronic services that are based on publicly available information disclosed by the state. These services should provide users with additional searching capabilities, and data processing.

Implementation stages of the concept.

Phase I (2011-2012): the Unified Network of Information Technology will be activated to connect 47 ministries and agencies of Tajikistan, which is deemed to be the basic infrastructure of e-government in the Republic;

- within the current network, an automated registry of civil servants will be developed and enhanced, the server of which is located in the Civil Service Department;
- including, within the framework of the present network, wide access to legal database 'Adliya' will be posted and provided.

Phase II (2012-2014): the introduction of the activities of public authorities in practice is ensured through departmental technological solutions, i.e.:

- formation of mechanisms of bilateral and multilateral communication towards a single electronic document circulation;
- elimination of the digital disparity in the territory of the Republic;

Phase III (2014-2020): development of e-government envisages automation of the process of delivering public services to the population and organizations, as well as receiving services from organizations for government needs. In addition, it is expected to develop e-government services, such as a government portal and e-government gateway (information system designed to integrate information systems within the framework of implementation of e-services).

Creating the necessary legal and regulatory framework for building e-government provides for the introduction of the necessary changes and additions to the existing regulations of the Republic, as well as development of new regulations. This will enable an avoidance of a backlog of legislation in this area, as well as to create a coherent system and harmonize legislation with universally recognized norms and principles of international law.

1.1.4. Partnership at the national level

To ensure results are maximized from the measures taken, together with investments and resources, all development partners should be horizontally linked, and actively participate in the national development process. The partnership itself is already a goal of development, and also a tool for development and strengthening of human capacity. Moreover, economic growth is generally supported by human development, and growth is unlikely to be stable without it. Partnership in the development process is at the forefront, with a view to improving work on national projects/programmes. Partnership also plays an important and central role in the achievement of strategic plans and programmes. With a real and fully-fledged partnership of all stakeholders in development projects, there is also the potential to reduce corruption, and enhance the efficiency of invested resources.

Given the development situation of Tajikistan, to ensure wide and effective participation of

development partners in promoting national development, by a Decree of the President of the Republic of Tajikistan from 19 December 2007, No.355, a National Development Council (NDC) was established at the national level. The NDC is an advisory body under the President of the Republic of Tajikistan, created to facilitate liaison between government agencies, the private sector and civil society and enhance implementation of the NDS of Tajikistan, and medium-term Poverty Reduction Strategies derived from it.

The other most complex form of participation is self-government, which serves as a necessary complement to the government, and includes not only economic powers and functions, but also elements of law enforcement and legislation. Implementation of participation strategy should precede identification and analysis of stakeholders. This notion brings together people and organizations involved in decisions in relation to certain issues.

The motivation for various forms of participation is the interest of citizens in the development of different elements of human capacity for their own plans, to achieve their own priorities, and relying on their own efforts. If the elements of participation are not used, then a person becomes a passive recipient of regulated goods and services. The main drawback of which is that it does not utilize people's initiative and the information they possess.

The effect of extending the practice of participation could be the reduction of bureaucracy at the expense of voluntary activity of citizens. This effect may be most important at the local level. The type of participation policy should correspond to available resources and traditions. When planning a strategy, it is critical to foresee the most likely response of citizens to attempts to engage them, and the potential for personnel contribution and willingness of people to take responsibility. Preparation of active participants, who are ready to propose and implement their own initiatives, is one

The main objectives the National Development Council are:

- discussion of the implementation of reforms in public administration, socio-economic areas, and making recommendations for their improvement;
- review of reports on the implementation process of NDS/RS;
- discussion and recommendations for approval of development strategies;
- discussion and recommendations on adjustment of goals and objectives stipulated in the NDS/PRS.

Within the main objectives, the National Development Council performs the following functions:

- analysis and ensuring of transparency in the implementation of public administration and socio-economic reforms;
- evaluates the implementation process of the NDS/PRS, related measures and achieved results;
- recommends adjustments to short- and medium-term goals, objectives and parameters of development; and mechanisms and improvement of methods to achieve NDS/PRS goals;
- considers and submit proposals and recommendations to the President of Tajikistan and the Government of Tajikistan regarding projects of medium-term sectoral and regional development programmes;
- takes appropriate recommendations and proposals to the President of Tajikistan and the Government of Tajikistan on further enhancement of the implementation process for measures outlined in the NDS/PRS;
- reviews reports of members of the Council, representatives of state institutions, other organizations and agencies with respect to implementation of the NDS/PRS;
- recommends the organization of conferences and seminars to address issues related to implementation of the NDS/PRS.

Composition of the National Development Council and order of its formation

The Council consists of representatives of Majlisi Namoyandagon (House of Representatives), Majlisi Oli (National Assembly) of the Republic of Tajikistan, the Government of the Republic of Tajikistan, government bodies that are engaged in implementation and monitoring of PRS, together with representatives of the private sector and civil society.

The Chairman of the Council is ex-officio the President of the Republic of Tajikistan.

of the key objectives of a participation strategy based on the development of human capacity.

Public associations (or voluntary associations) possess the a strong capacity for implementation of the participation concept. They are established in the form of NGOs, consumer cooperatives, not-for-profit partnerships, social and charitable foundations, associations, and unions. Many PAs are directly participating in the process of human development. The advantage of PAs in comparison with government institutions is that they concentrate people's desire for local action under their own control. They can organize joint initiatives, or more precisely, reflect the needs and better reveal the human capacity.

In relation to human development, there are two types of activities of PAs. Firstly, aid and charity, and secondly, support to reform and development. The first type is localized in the areas of education, health care, legal protection, and charitable services. The second type includes programmes and projects for the development of the local economy, institutional reforms, addressing gender and environmental issues, and human rights protection. In this regard, the new role of government in the public sector could be in designing effective inter-relations with PAs and between them.

CHAPTER 1.2. INSTITUTIONAL CAPACITY AND PERSONNEL

The effectiveness of public administration is determined primarily by human factors. The political situation of the 1990s led to inefficiencies in state personnel policy, loss of prestige of 'intellectual' types of work, reduction in employment of professionals in the sectors of economics, science, education, health, and other important sectors, and inconsistency in the market system of labour relations and in developing its legal framework. This situation had a detrimental effect on social relations and development of labour resources, led to a

reduction of opportunities for implementation of constitutional rights of citizens to realize their own aspirations and capabilities, and strengthened unequal distribution of human resources.

1.2.1. State personnel policy development concept

Weak mechanisms for building human resource capacity have caused difficulties in development. In order to prevent this, decisive, consistent, comprehensive and timely measures are necessary, and consequently important documents have been adopted, including the Decree of the President of the Republic of Tajikistan from 10 March 2003, No.1031 "On approval of Regulation of Personnel Service"; 'Public Administration Reform Strategy of the Republic of Tajikistan dated' 15 March 2006, No.1713; 'Concept of Civil Service Reform of the Republic of Tajikistan' approved by Resolution of the Government of the Republic of Tajikistan from 1

Insertion 7.

Key principles of the state personnel policy.

Implementation of the principles of the state personnel policy will enhance the sustainable development of political and economic processes, as well as promoting the rights, freedoms and interests of citizens outlined in the Constitution of the Republic of Tajikistan.

These principles include:

- The principle of democracy and transparency.
- The principle of systems
- The principle of comprehensive evaluation of employees' performance
- The principle of professionalism
- The principle of specificity
- The principle of compensation
- The principle of socio-legal protection of personnel

June 2007, No.289; and National Development Strategy of the Republic of Tajikistan for the period to 2015 approved by Resolution of Majlisi Namoyandagon (House of Representatives) of Majlisi Oli (National Assembly) of the Republic of Tajikistan from 28 June 2007, No.704; and which contribute to strengthening human capacity and improving professional development.

The Law of the Republic of Tajikistan “On Civil Service” and other related regulations governing the issues of selection, placing of personnel, the Code of Ethics of civil servants, and the Register of government positions, underpin efforts to eliminate shortcomings within education, selection and placing of personnel, and human resources management in government authorities and the non-government sector, as a whole.

1.2.2. Human resource management

Human resource management in personnel policy refers to the system of managerial influence on employees of government authorities and public administration bodies, local self-governing bodies and economic entities, with the purpose of making most efficient use of their professional and personal abilities and opportunities. It is a system of institutional, socio-economic, psychological, moral and legal relationships that ensure an effective realization of human capabilities in the interest of both the person and the organization.

Within the system of state power and public administration, local self-governing bodies and economic entities, the personnel service is an independent structural unit responsible for developing and implementing human recourse strategy and organization of work with personnel. The personnel service performs the functions of a human resource management centre, the ultimate goal of which is the successful work of agencies and organizations.

Insertion 8.

Code of Conduct for public officials.

The International Code of Conduct for Public Officials adopted by the United Nations on 12 December 1996 contains the following provisions:

- public office is a position of trust, implying a duty to act in the public interest;
- public officials avoid conflict of interest;
- public officials adhere to all applicable requirements of disclosure of information on personal assets and liabilities;
- public officials shall not solicit or accept any gifts or other favours that may affect the performance of their duties;
- public officials shall observe the principle of confidentiality of any information that they hold;
- public officials do not participate in political activities outside their official duties, so as not to undermine public confidence within impartial performance of their duties.

The priorities of the state personnel policy aimed at achieving strategic goals in accordance with the programmes of socio-economic development of the Republic of Tajikistan, include:

- minimization of tension in the labour market; significant decrease in informal unemployment;
- increase the prestige of working in public administration, health, science, education, culture, agriculture and sectors that promote economic growth in the county, strengthen the moral foundations of people's lives or physical health of citizens, and ensure food security in the country;
- establishment of a modern personnel management system at all levels and ensure a unified state personnel policy;
- introduction of modern technologies in the process of selection and placement of civil servants and personnel of the economy;

- enhancement in the level of professionalism, skills and education of citizens;
- development of managerial personnel in various spheres of activity corresponding to the modern requirements and objectives of socio-economic development.

The state personnel policy is focused on preservation and effective use of human resources of the country, and its development in accordance with the requirements of national security, and integration of the national economy into the global economic environment.

1.2.3 Effectiveness of personnel policy

The effectiveness of personnel policy depends on the formation of professionally trained personnel at all levels of the civil service, which is a necessary factor in strengthening the modern state system, and an instrument for effective implementation of tasks and functions of state bodies. This requires finding new approaches and ideas, allowing new design mechanisms and human resource technology, and ensuring effective management of civil service personnel.

Competitive selection. Competition is the only possible mechanism for selection of personnel, allowing citizens who have not worked previously in the civil service to exercise their constitutional rights with equal access to the civil service, and the right to choose job activities and employment on a professional basis.

Competitive selection requires assessment of competitiveness of candidates for one or another vacant administrative state post, cultivation of competitiveness at all stages of professional career advancements, organization of advertising of vacant posts, conducting of professional selection, performance evaluation and career advancement.

The technology for developing competitive procedures at government agencies is defined by the profile of the state body, derived from socio-economic, political and psychological conditions, and the professionalism of experts in the field of evaluation of professional, business and personal capacities of candidates.

Within the framework of implementation of the PSRP, based on research and review of the legal framework and experiences of selection of candidates for vacant state posts, a new methodology of selection for civil service positions was developed, and became operational in May 2009. The new regulations for competitive selection were designed to take into account:

- a. ensuring transparency and impartiality in the selection process for filling civil service positions;
- b. introduction of various methods for selecting candidates for vacant civil service positions at different levels;
- c. application of multi-stage selection, which allows 'screening' of ineligible candidates at early stages of recruitment.

TABLE 1.2.3.1
Comparative analysis on competitive selection in the bodies of state administration of the Republic of Tajikistan.

Year	Number of vacant posts	Number of applications submitted for competition	Passed competition		Did not pass competition		Number of government agencies where violations revealed
			From this state agency	Other candidates	From this state agency	Other candidates	
2006	640	1,349	-	-	-	-	-
2007	1,152	1,958	252	672	171	863	25
2008	1,707	2,364	496	884	105	879	22
2009	2,511	2,919	-	-	-	-	-
2010	1,924	2,414	-	-	-	-	-
9 months of 2011	3,108	3,498	861	1,397	157	1,083	-

Sours: Statistical Report. Civil Service Department under the President of the Republic of Tajikistan

Performance evaluation of civil servants

The Civil Service Department under the President of the Republic of Tajikistan with the support of the PSRP is dealing with the introduction of an annual performance evaluation of civil servants. The new arrangements being considered fundamentally differ from existing procedures for performance evaluation. The new procedures will enable the provision of information necessary for making decisions related to the promotion of employees, transfer of civil servants to another position or changing the workload in line with his/her individual abilities and interests. An important factor is that performance evaluation is needed for the employee, as a means of feedback. It gives an opportunity to discuss strengths and weaknesses with his/her supervisor in an impartial and constructive manner. The overall goal is to encourage ways to improve the results of an employee's performance. The effectiveness of performance evaluation depends on how it is perceived by employees: not as a threat to job security and professional advancement, but as an opportunity for improvement of their contribution towards the goals of the organization, and thus, for strengthening their own career opportunities.

Regulations on the procedure for performance

evaluation of civil servants are endorsed by Decree of the President of the Republic of Tajikistan, and effective as of February 2011.

Introduction of transparent and effective methods and approaches in the determination and payment of salaries to civil servants.

One of the key aspects of social policy of Tajikistan is the problem of income and living standards of the population, including the system of remuneration for civil servants. Civil service reforms resolve three fundamental issues: establishment of a new civil service based on the new qualification of positions; improvement of the remuneration framework, which brings about greater transparency and predictability, and increased incentives for career development of young professionals.

Under the framework of the PSRP and with a view to implementing requirements of the 'Concept of Salary Reform in the Republic of Tajikistan' and the 'Concept of State Personnel Policy of the Republic of Tajikistan for 2009-2016', the 'New Salary Scale of Civil Servants' has been elaborated on the basis of the single wage rates distribution.

Reforms in the civil service will be based on transparency and predictability, and recognition of

equality, complexity of work, and results of work as a basis for the remuneration system. In this context, the proposed 'Medium-term plan for reform of remuneration in the public service (2009-2011)' will be based around the following steps:

Step 1 – defining the new wage rate distribution; completion of job classification; starting assessment of results in pilot institutions of the central government (from 1 January 2010);

Step 2 – review of wage rate distribution; assessment of results of pilot system for evaluation of results and dissemination among all institutions of the central public service (end-2010);

Step 3 – dissemination of the results assessment among all institutions of public service, including local bodies of the state (end-2011);

Parliament adopted new amendments to the Law "On Civil Service" (5 March 2007, No.233)', which:

- created new categories of civil servant: civilian public servants, servants of law enforcement entities, and servicemen;
- introduced eight categories of public servants (civilian public servants);

- underpinned the legal framework for distribution of administrative and political positions.

The Civil Service Department developed a guideline "On the procedure of development of job description" (approved on 3 March 2009), which is a precondition for implementation of evaluation and development of the work process.

The proposed new wage rate distribution has eight categories (grades) and fourteen steps (tariff rates).

The proposed model is based on a new system of classification of positions provided by the Law "On Civil Service and Registry of public positions".

The reform of the wage system of the civil service ensures adequacy of wages, and also has the potential to bring order and transparency to the wage fund for civil servants.

The new system was endorsed and effective in late-2010 at pilot ministries and throughout the public service system since 1 September 2011.

TABLE 1.2.3.2.
Single wage rates for administrative civil servants

Category	Step 1	Step 2	Step 3	Step 4	Step 5	Step 6	Step 7	Step 8	Step 9	Step 10	Step 11	Step 12	Step 13	Step 14	Percent of increment
High grade	4.04	4.24	4.45	4.67	4.90	5.15	5.41	5.68	5.96	6.26	6.57	6.90	7.25	7.61	22%
1- grade	3.31	3.48	3.65	3.83	4.02	4.22	4.43	4.65	4.88	5.12	5.38	5.65	5.93	6.23	22%
2 – grade	2.71	2.85	2.99	3.14	3.30	3.47	3.64	3.82	4.01	4.21	4.42	4.64	4.87	5.11	22%
3 –grade	2.22	2.33	2.45	2.57	2.70	2.84	2.98	3.13	3.29	3.45	3.62	3.80	3.99	4.19	22%
4 – grade	1.82	1.91	2.01	2.11	2.22	2.33	2.45	2.57	2.70	2.84	2.98	3.13	3.29	3.45	22%
5 – grade	1.49	1.56	1.64	1.72	1.81	1.90	2.00	2.10	2.21	2.32	2.44	2.56	2.69	2.82	22%
6 – grade	1.22	1.28	1.34	1.41	1.48	1.55	1.63	1.71	1.80	1.89	1.98	2.08	2.18	2.29	22%
7 – grade	1	1.05	1.10	1.16	1.22	1.28	1.34	1.41	1.48	1.55	1.63	1.71	1.80	1.89	
	< 3 years	3-5 years	5-10 years	10-20 years	over 20 years										
%	5	5	5	5	5	5	5	5	5	5	5	5	5	5	

Source: Public Sector Reform Project of Executive Office of the President of the Republic of Tajikistan

Training and retraining of civil service personnel in the Republic of Tajikistan

Under the conditions of public administration reform, the requirement for professional advancement and education of civil servants becomes particularly important, as development of the country to a greater extent depends on the professionalism of civil servants. In order to competently respond to challenges in various areas of public life, public servants should have a special level of professional skills.

After gaining independence, Tajikistan established a new socio-political institute - the Civil service. Since independence, government authorities made some structural changes in the number of executive bodies, including unifications or downsizing of ministries and agencies, and strengthening local authorities. However, during this period, the public administration and public service have not changed fundamentally. It is recognized that a set of measures aimed at replacement of personnel, and creation of a new management system and effective public service is required. From this viewpoint, one of the most important aspects is a quality professional supplementary education for civil servants.

The modern pace of development of the civil service operating within conditions of socio-economic and financial crisis requires professional enhancement of civil servants to meet the needs of government bodies of the Republic. In this regard, studies on the status of supplementary professional education of civil servants of Tajikistan and their professional development have practical importance for the effectiveness and development of the civil service in Tajikistan.

Training of skilled professional managerial personnel and its methodological support is currently an important area of public policy in Tajikistan, as there is an urgent public need and demand for skilled workers, professionals, and

specialists capable of resolving complex tasks in challenging socio-economic, socio-cultural, and political conditions. The experience of Tajikistan shows that effective management of changes in various spheres of social life requires professionally trained managers for this purpose, on whose professionalism and practical experience, the effectiveness of the public administration depends.

Taking into account this fact, in October 2002, by Decree of the President of the Republic of Tajikistan, the Institute for Civil Servants Training³ (ICST) was established under the Civil Service Department.

To date, the Institute identified the key areas for training courses, retraining and professional enhancement of civil servants, and thematic plans; elaborated programmes and training modules for civil servants; and developed a new methodological and theoretical basis for professional enhancement of civil servants.

In relation to the training of civil servants, the Institute is developing different types of training programme, and recommendations and guidelines, with particular attention given to improving methods and techniques of modern public administration.

Since 2004, more than 9,500 civil servants of central and local bodies of the state, and local self-governing bodies of the Republic have passed the courses at the Institute.

With respect to professional enhancement of civil servants in Tajikistan, in practice, it is carried out by the ICST and sectoral institutes of professional development under the relevant ministries and agencies. Today, the ICST functioning under the Civil Service Department is the only educational institution of the civil service in the Republic, and its goal is to improve the competence of civil servants and to create managerial capacity for public administration in Tajikistan.

³Decree of the President of the Republic of Tajikistan dated 2 October 2002, No.926, 'On Establishment of the Institute for Civil Servants Training of the Republic of Tajikistan'

Insertion 9.
The Law of the Republic of Tajikistan “On Civil Service”

The legal framework for organizing the process of training civil servants in Tajikistan is the Law of the Republic of Tajikistan “On Civil Service” (No.233 of 5 March 2007). According to the present law, training of civil servants includes vocational training, retraining, skills upgrading and internship, which are arranged at educational institutions of higher and secondary vocational education, on the basis of the state order as well as the needs of government authorities. The state order is defined by the Government of the Republic of Tajikistan through annual submission of CSD. By Resolution of the Republic of Tajikistan dated June 2, 2011 No.266, the “Rules for design and realisation of the state order for professional training, retraining and professional enhancement of civil servants of the Republic of Tajikistan in ICST” was approved. These rules determine the structure and order for organizing training of civil servants, procedures for development and implementation of the state order, and requirements for training programmes for civil servants.

The main forms of training of civil servants provided by the aforementioned regulations are:

1. Training – a learning process in higher and postgraduate professional educational institutions to acquire an appropriate education in the field of public administration in line with the requirements of the state educational standards.
2. Retraining – training of civil servants (normally, 1-2 years) to gain more professional knowledge necessary to perform a new type of professional activity or

with regard to long-term tasks that link with official promotion on educational programmes of continuing professional education, in accordance with state standards of continuing professional education of civil servants.

3. Professional development – a process of short-term training of government officials to upgrade their theoretical knowledge and skills for educational programmes in the sphere of their professional activities, according to the qualification requirements for the proper implementation of their job duties and enhancement of professional skills.

4. Internship – organized to build and apply in practice the new professional knowledge and skills gained as a result of preliminary theoretical training. Internship can be as an independent form of complementary professional education, and one of the sections of curriculum during the process of professional development and retraining of civil servants.

In 2010, the ICST conducted 20 training courses (of varying duration) and a vocational retraining for civil servants. Within the framework of the State order, trainings covered an 1091 civil servants of different categories in 2010.

Chapter 1.3. Local self-governance in the national development system.

The process of modernization of local administrative management significantly lags behind the development of public administration at the national level. This translates into:

- weak development of capacity, especially at the municipal level;
- unclear delineation of powers between various levels of government;

- lack of own revenue base for local budgets;
- limited quality of services provided to citizens and businesses.

1.3.1. Role and position in the overall public administration system.

The current legislation with regard to regions and districts corresponds to a continuation of the republican management at the local level. All chairmen of administrations are appointed by the President of the state and who are, at the same time, chairmen of regional and district councils. Regional and district councils are formally elected for five years. Elections take place simultaneously with elections at the national level. *Jamoats* (settlements) are considered self-governing bodies of towns and villages, and the chairman is appointed by the head of the respective district. As a rule, the council, which consists of representatives of communities (*mahallas*) located in the territory of the *jamoat*, helps the chairman of the *jamoat*.

The current local government system in Tajikistan⁴ can be characterized as highly centralized, with strong vertical subordination of the state territorial administration at the level of region, district and *jamoat*. Institutions, functions and services of local government are provided in a complex and fragmented environment. As a result, an issue of duplication of institutions and the 'dual subordination' of district officials to the central ministries, and at the same time, to the district chairman, causes inefficiency in operation. In addition, there is an issue with the synthesis of executive and legislative powers at all levels of local government, where there are no checks and balances.

Local self-governance at *jamoat* level is highly fragmented, with a large number of *jamoats* of different sizes (population ranging from 2,000 to 50,000), which often lack adequate human and

financial resources to conduct their functions. *Jamoats* do not have their own budgets, though the Law "On Local Self-government and Local Economy", No.1376 of 23 June 2009 made provisions for budgets. Currently, the resources available to *jamoats* are limited due to allocation from the district budget to cover mainly personnel and administrative costs. The fragmented structure and financial weakness of local self-governance creates difficulties in achieving economies of scale by expanding production, promoting economic development and providing even basic services to community members.

Local government institutions in Tajikistan do not possess a modern understanding of the roles and functions of local self-governance. Organizational culture is primarily focused on service delivery and implementation. Broader perspectives, such as leadership in the community – through which the local government acts as an advocate in its community – and the practice of facilitation and authorization of implementation (as opposed to direct implementation) are either weak or non-existent. The local government institutions lack experience and knowledge of implementing alternative approaches of service delivery, such as inter-municipal collaboration and partnership between the public and private sectors. In addition, political dialogue is also lacking at the national level to discuss new approaches and lessons in local government and service delivery.

1.3.2 Legal frameworks and reforms.

Article 6 of the Constitution of the Republic of Tajikistan defines the rules for local government bodies and determines the functions of local government authorities. Local government in Tajikistan comprises representative and executive bodies that operate within the framework of their powers. They ensure implementation of provisions of the Constitution, laws and acts of the President of the Republic of Tajikistan and Majlisi Oli of the Republic of Tajikistan.

⁴ Chart of the government structure of the Republic of Tajikistan is provided in the Annex 1.1.2

The local bodies of representative power are known as Assemblies of people's deputies. They are headed by the chairman, who is, at the same time, the representative of the President of the Republic of Tajikistan in the territory and chairman of a region/city/district. The chairman is appointed and dismissed by the President of the Republic of Tajikistan, who nominates the candidate for approval by the respective Assemblies of people's deputies. The chairman is responsible to the superior executive body and respective Assembly of people's deputies.

In accordance with the Constitution of the Republic of Tajikistan, the main powers of the local Assemblies are approval of local budgets and reporting on their implementation, defining socio-economic development of areas, local taxes and payment pursuant to the law, defining ways of managing and possessing communal property, and performing other powers outlined in the Constitution and laws.

The jamoat is a state authority in townships and villages. Its activity is regulated by the Constitutional law on local self-government bodies in townships and villages. Prior to the changes and amendments to the Constitution of the Republic of Tajikistan in 1999, these issues were regulated by two constitutional laws: the Law "On local state bodies" and the Law "On local self-government bodies in townships and villages".

The functions of local self-governing bodies are divided as follows:

- general functions;
- exclusive functions;
- functions that are delegated under agreements (with a definition of funding sources in a separate agreement);
- voluntary initiatives.

These functions include social, cultural, economic and administrative tasks, and public administration functions imposed vertically, horizontally, legally

and voluntarily. Functions defined in the legislation are financed from the respective budgets. New revenue sources to finance new activity should be established by law.

Currently, the most urgent issue of local government bodies is privatization, particularly, the transfer of ownership of communal property and land.

State power cannot delegate functions to the local government bodies without provision or identification of appropriate revenue sources. If the functions are imposed, then the local government bodies would be responsible for their execution.

The purposes of legal and socio-economic reforms are to promote citizens' participation in governance processes, to unify citizens' efforts in addressing local challenges, and to support the central government in implementation of the Constitution, laws and presidential decrees.

The study of measures towards improvement of self-governance, election procedures, organization and financing systems can facilitate this process. In order to maximize the utilization of budgetary funds for municipal development, improvement of sanitarian conditions in settlements, development of social infrastructure, increase the number of small enterprises and cooperatives, it is necessary to understand the programme implementation strategy.

Local government bodies should also monitor the use of land, deal with landscape gardening, water resources, housing issues, education, trade and consumer services in their respective territories. It is believed that local government authorities will also carry out public works, such as taking care of cemeteries, management and improvement of communication networks, development and provision of telephone, radio and postal services. Local government authorities should also ensure observance of land-use rules, maintenance of home

land plots, veterinarian conditions for stock-keeping, anti-fire safety and law and order (see Annex 1.1.3.).

The issues of social welfare are dealt at all levels. Key measures to support low-income families – compensation payments and one-time financial aid – are undertaken centrally. All three high levels of government are engaged in social security. District and city governments have departments, which provide services on the ground. Regional governments coordinate services delivered at the district and city levels, and provide homes for the elderly and children.

Government authorities in districts and cities provide preventive and health care services to children and adults at clinics and hospitals, while outpatient and sanitary-epidemiological services include family planning centres. Regional governments are funding regional hospitals.

1.3.3. Coordination of the reform implementation process

Currently, the Government of the Republic of Tajikistan is in the process of implementing the reform agenda. The main goal of reform is to improve the living standards of the population and support of economic development. To achieve these goals, the Government of Tajikistan adopted the NDS until 2015. The medium-term Poverty Reduction Strategy of the Republic of Tajikistan for 2010-2012 (PRS 2010-2012) resulted from the NDS. It is worth noting that the issue of governance reform, including local government issues, has been highlighted among key priorities in both documents.

The common approach to governance reform and institutional restructuring is formulated in the PARS, approved by the President of Tajikistan (No.1713 of 15 March 2006). The PARS indicates that one of the key priorities in the national development of Tajikistan is establishing an efficient public administration system as a foundation for

sustainable economic development and poverty reduction. Among the key tasks required to achieve this goal are indicated as “necessity for improvement of administrative and territorial administration” and “establishment of self-government bodies, capable to provide quality services to the public”. Thus, optimizations of administrative and territorial division as well as clear distribution of functions and powers between the central administration, local government bodies and local self-governance bodies are considered the key issues in implementation of public administration reform.

The PARS provides the basis for reform at the local level. Based on this strategy and other strategic documents of the government, the 'Concept of improving public administration reform structure of the Republic of Tajikistan' (hereinafter the PA Concept) was formulated. The PA Concept was formulated to create an organizational-political and methodological framework for optimization of the structures of public administration agencies. The present document aims to improve the system of public administration emphasizing the importance of “differentiation and optimization of functions and powers between central administration and territorial bodies of the government, as well as local government”. The 'Action Plan for implementation of the Concept' (hereinafter the Action Plan) shows that the Executive Office of the President with the support of donor agencies, is responsible for the elaboration of the Concept for improving the system of local self-governance.

In line with the provisions of the PARS and Action Plan, the Executive Office of the President is currently responsible for coordinating implementation of activities in the field of public administration reform, including local government. The PSRP, funded by the World Bank, provides support in solving the issues of optimization of institutional structures of the government, development of public services, reform of public finance management, and improvement in the quality of regulatory and legislative decisions.

The Concept of Local government

The key result of the proposed measures concerning the development of local government is the 'Concept of local government', which reflects the basic principles and components of the local government system and recommendations for implementation of the policy and legal framework, as well as the sequence of key actions for implementation by the government and other stakeholders. It is suggested that the following types of activities are carried out, with the aim of promoting local government reform and executing the component of local government within PARS.

Establishment of an institutional framework for development of local government

A working group should be established under the Executive Office of the President of the Republic of Tajikistan to establish a political dialogue and oversee elaboration of the document of the local government concept. All major decisions related to the functional review and the local government concept will be promoted by the working group. It will also play a leading role in ensuring that the principles outlined in the concept of local government, or legal suggestions have been converted into policy, and all necessary steps are being taken towards its implementation.

Functional analysis

It is necessary to conduct situation analysis of local government in the country. The analysis will reflect the original data or the current state of local government and will make recommendations and possible scenarios on strengthening the local government system in Tajikistan. The analysis will focus on the whole system of sub-national government and will be implemented in pilot districts with various development features and geographical locations.

Development of the concept of local government

Based on the results of the analysis, the concept of local government will be developed.

The purpose of the document is to define the main principles and key components of the local government system and to draw up a roadmap for activities of the government and other stakeholders, using successive steps in shaping/implementation of the policy and legal framework, as well as capacity enhancement at the local level.

It is envisaged that the abovementioned document will also serve as a roadmap for international and donor agencies with regard to improvement of coordination and use of technical assistance.

Political dialogue and discussion with different stakeholders

To ensure ownership over these reforms and support for different stakeholders, a political dialogue will be initiated and participation of key stakeholders will be arranged at an early stage of development of the concept of local government.

Decentralization issues

Reform in this area should be systematic and comprehensive. As noted above, predominantly republican ministries should be responsible for shaping the policy and strategic planning at the national level, but not for performing daily monitoring. It is important to streamline the existing governance structure at regional and district levels through reforming them into the regional governance bodies. Within the framework of the decentralization process, local bodies of the state take responsibility from the government not only for carrying out identified tasks, but also for the economic development of territories they control.

Some of the activities defined at the central level, such as post offices, radio, telephone communications, exploring mineral deposits, employment centres, public order and safety should be attributed to the national level. Civil defence must be financed from the state as well as from the local budget, and should be included in the plan of national transfers to the lower levels of government. It is very important that adoption of any new laws on

delegation of powers and decentralization must be accompanied by changes in legislation related to local finances and local finance management, with the purpose of enabling local government bodies to develop and manage their budgets, which would then reflect the priorities of local government.

1.3.4. Partnership at the local level

Examples of activities of international organisations in the development of local government

UNDP/Communities Programme of UNDP has provided support to local development planning in 20 districts and 65 jamoats of the Republic of Tajikistan through elaboration and implementation of development plans, as well as drawing up a budget with emphasis on creating effective and sustainable public services and citizens' participation. The main achievement is not only facilitation of this process, but also the contribution made to local capacity building, thereby maintaining the sustainability of new approaches at sub-national level. Local development plans are designed with the participation of local bodies of the state, the private sector, and civil society organizations. These plans also link with national strategies and describe how these strategies are implemented at the local level.

In order to elaborate a national framework for local development planning, a partnership is established at the national level. At present, the Ministry of Economic Development and Trade (MEDT) and other relevant state institutions are developing the final version of the planning methodology at the local level, which will take into account important issues such as poverty, climate change, environment, energy, gender, migration, and conflict and disaster prevention in local development plans.

For more information about the programme, please visit the website:

http://www.undp.tj/index.php?option=com_content&task=blogcategory&id=82&Itemid=125

Open Society Institute (SOROS Foundation) 'Local Government Initiative' Programme

supports the public administration reform and local self-governance aimed at promotion of democracy and open society and creating institutional conditions for implementation of the principles of good governance in the Republic of Tajikistan.

Priorities of the Programme:

- support strengthening of the principles of fairness, transparency and accountability to citizens, and local self-governance;
- support to governance reform aimed at strengthening the values of open society;
- assistance to provide access to quality public services through capacity enhancement of government and local self-government bodies.

The main achievements of the Programme are:

1. The components of citizens' participation and public hearings are included into the *Guideline of the Ministry of Finance of the Republic of Tajikistan on preparing the State Budget for 2012-2014*.
2. A Manual has been elaborated for personnel working in the social welfare authorities in the field. The present Manual will be the first and only collection to date, unifying all types of social payments with detailed descriptions.
3. Together with the Information Programme and partners of the programme, an International Conference on 'Electronic Government – effective and innovative mechanism of interrelation between the state and citizen' under the auspices of the ICT Council under the President of the Republic of Tajikistan.

http://www.soros.tj/rus/index.php?option=com_content&view=category&layout=blog&id=23&Itemid=112

Mountain Societies Development Support Programme (MSDSP):

the programme implemented by the Aga Khan Development Network (AKDN) in mountainous regions of Tajikistan. Within its framework, the Programme supports activities on development of local self-governance, development of the economic and

social infrastructure, business promotion, and management of natural resources in GBAO, Khatlon and Soghd regions, and Rash valley. It includes courses on capacity development for government officials and representatives of local communities in the field of planning and monitoring of projects, financial management, local government, collaboration methods and social partnership. It also aims to improve people's access to such basic services as education, safe drinking water, irrigation, roads, agricultural facilities and financial resources. Through development and implementation of joint planning, MSDSP promotes the increase the trust between local government authorities and civil society organizations.

See the link:

http://www.akdn.org/tajikistan_rural.asp

The 'Local Government Initiative' (LGI), 2009-2012 of the United States Agency for International Development (USAID) facilitates the enhancement in the capacity of local authorities in the management and decentralization of housing and communal services. The programme has assessed the needs of officials and specialists of service establishments on capacity building in six districts and 18 jamoats, on the basis of which, the executive bodies of state authorities of districts adopted capacity building programmes. The programme conducted seminars on the principles of local governance, budgeting and service management. With the technical support of the programme: (i) State Public Utility companies have been established in Isfisor and Katagan jamoats of Bobojon Ghafurov district; and (ii) for the first time, funds were allocated and utilized under the budget of expenditures of certain jamoats for provision of public services.

Within the framework of the programme, small infrastructure projects on drinking water supply and solid waste management were implemented. The programme has initiated the development of proposals based on budget models and templates of local self-governing bodies of jamoats. The budget preparation process requires a clear

definition of functions and powers of local self-governing bodies. In this regard, in April 2011 there was a functional review conducted at the level of local self-governing bodies of jamoats, as well as the Office of Chairpersons of districts. In total, 88 respondents have been interviewed; covering nine jamoats and six districts. The results of the review of local self-governing bodies – as well as the 'Proposals on the jamoat budget model in the Republic of Tajikistan' elaborated on the basis of the review – were submitted to the Ministry of Finance and the Government of the Republic of Tajikistan.

In consultation with the Ministry of Finance and pursuant to the Action Plan of the Public Finances Management Strategy (PFMS) for 2012-2014, the Local Government Initiative will support the government in the implementation of preparatory measures for introduction of the jamoat budget.

CHAPTER 1.4. SYSTEM OF FINANCIAL SUPPORT FOR NATIONAL DEVELOPMENT

In order to improve institutional capacity of public finance management, significant actions have been gradually carried out. The national MDGs and key areas of public sector reform have been defined, particularly in the fiscal sector, where a number of important tasks of fiscal decentralization have been identified with a view to enhancing the institutional capacity and effectiveness of decision-making of state functions at the local government level. This will improve the procedures of public finance management. Within the framework of projects of the World Bank, Asian Development Bank, Urban Institute and other development partners, functional reviews of the Ministry of Finance and other bodies of the state, in charge of administering fiscal sector, have been conducted. Recommendations have been made in relation to creating a budget committee, and improving the budgetary framework and planning of public expenditures; the structure of the Ministry of Finance has been improved; and the

new Treasury has been established as a government institution responsible for clarity in public functions and tasks.

A Public Finance Management Strategy was elaborated and adopted, and reform of the civil service and wage payment procedure of civil servants has been conducted. Furthermore, a comprehensive Public Administration Reform Strategy has been developed. Accordingly, new procedures have been adopted in regard to development, execution and evaluation of the state budget, including the new Law "On Public Finances".

The emphasis of key strategic documents on planning and forecasting of public expenditure priorities is on building the institutional capacity and fiscal decentralization. In particular the NDS for the period to 2015 states that "The distribution of functions and authorities among central and local governments and local self-government bodies is not adequately defined. This impairs the effectiveness of work done by government authorities at the local level".

Analysis of data on budget execution of local bodies of the state by types of expenditures, as of 1 January 2010 (see Annex 1.4.1) shows an unequal distribution of resources between the public administration authorities. Subventions from the state budget are allotted for those regions (cities and districts) that are under worst situation, due to absence of developed industry. Such inequality can also be seen in analysis of state budget expenditures in the sphere of public administration, social insurance and social welfare, education and health.

Funds received by local bodies of the state from the state budget as subsidies are utilized for their intended purposes and are not distributed among self-government bodies.

Powers of the local executive body of the state authority are defined by the Law of the Republic of

Tajikistan "On Public Finances".

The local executive body of the state authority:

- lays down general rules for organization of local financial and fiscal relations;
- manages the financial resources of the local executive body of the state;
- annually submits a draft local budget to the Council of people's deputies;
- provides suggestions for amendments to the Council of people's deputies;
- controls implementation of the local budget, including revenue collection;
- manages the debt of the local executive body of the state;
- implements other powers determined by acts of local representative bodies of the government.

Local budgets are developed by local executive bodies of the state and are approved by local representative bodies of the government, in the form of legal acts.

Financial resources of local bodies of the state authority. The Law of the Republic of Tajikistan "On Public Finances" stipulates the principles for organization of state finances, one of which is the principle of budgetary independence. The principle of budgetary independence refers to the establishment of stable allocation of revenues between budgets of different levels, a right of all levels of government to independently carry out their budgetary processes according to the present law, inadmissibility of seizure of revenues additionally received during the process of implementation of local budgets, and surpluses of local budgets to superior budgets, inadmissibility of assigning supplementary spending to lower budgets without adequate compensation to cover them.

Insertion 10:**Relationship between the cycles of national and local budgets. Annual budget cycle.**

The process of preparation and adoption of the national and local budgets raises questions arising when the functions, tasks and financial resources of local authorities are considered together. On one hand, there are certain key decisions about local revenues and expenditures that are usually generated in the state budget, while on the other hand, the dynamics of the budget process itself has an impact on local decisions about revenues and expenditure.

State budget cycle. Vertical equalization. The main question concerning intergovernmental relations is whether the funds received by local authorities from their own and public sources are sufficient to fund local needs. As revenues from local taxes and fees are not generally sufficient, the key question is what kind of government revenue and other public sources of funding should be directed to financing the needs of local authorities. The process of preparation and adoption of the state budget will lead to solutions on the general funds available in a given year from public sources for all local authorities. There are important policy and procedural issues that relate to the management of the general fund of financial resources, available to local authorities from public sources.

Decision-making process. The first question is whether decisions are taken directly, that is, the size of the fund is determined by a specific decision that is taken in the context of the annual budget. Often, it is not. In this case, the question is does anyone consider impact of the size of fund to local finances and what kind of impact it was. In cases where open discussion of the issue is undertaken, who resolves the issue? Are legislators notified on the decision made or the decision is executed only at the governmental level? Do the associations representing local authorities have the opportunity to make comments on the proposed size of the general fund of the national resources that they receive as a group?

Criteria and methodology. The selection of financial applications of local authorities raises methodological issues related to decisions on equalization of grants (subsidies). This is associated with concepts such as local fiscal capacity and local needs by expenditure. The key question relates to how to determine the amount of funds allocated to local authorities from centralized government funds.

This is especially difficult when all levels of government are underfunded. In this situation, there is a need to share limited resources in relation to priorities for public spending at national and local levels. The distribution of funds is further complicated by changes in local revenues and expenditure commitments and the ongoing reforms at the state level, which will affect both revenues and spending. Because of methodological difficulties, challenges related to a lack of qualified workers in fiscal management, and poor reporting (financial statements are not standardized and accordingly are not absolutely reliable), there is a need to conduct additional detailed studies.

Local budget cycle: Preparation of a preliminary budget. The development of budgets of state bodies and local self-governing institutions is related to both income and expenditure of the budget. As a result, the local budget can be prepared if there is appropriate and reliable information for its preparation. When local authorities lack of necessary information or when they are forced to adopt proposed estimates, the budget loses much of its value as a financial management tool. In such circumstances it is difficult to ensure accountability of local government.

Cost estimates. On the revenue side, problems relate to the degree to which local authorities have access to sufficient information to prepare forecasts on different funding sources. For local taxes and fees, the result often depends on who is responsible for management. If this is not a local authority, then those responsible for managing tax should provide local authorities with the necessary information for forecasting. Pertaining to the financial resources allocated from public sources, the result primarily depends on the transparency and stability of rules, governing the process of revenue sharing and transfers.

With regard to expenditure, the important issues are associated with the level of local control over policy concerning services and standards, to what extent the importance of local functions vary from year-to-year, and to what extent local authorities possess reliable and valid information for adequate fiscal control. Annex 3 provides estimates of jamoats of Bokhtar district in Khatlon region. Besides the fact that the estimates are presented in a non-unified form, cost estimates do not show all tasks scheduled to be resolved in a given period of time, thus problems at this level cannot be seen and, consequently, it becomes more difficult to find ways of addressing them.

The effectiveness of decisions of state functions and tasks at the level of local government depends on proper assignment of managing tasks and their adequate financing at this level. The need to provide local state authorities with sufficient financial resources is a key principle of decentralization. In reality, financial resources are transferred to local state authorities from other sources, including:

Local authorities own financial resources:

- local taxes and fees;
- debt;
- other local funding sources, such as donations;
- sale of property.

Transfers:

- grants;
- shared national tax revenues.

There are political and technical issues common to all countries financing the system of local state bodies by using a combination of the above, and each country will have a different budgetary structure.

Principles of inter-budgetary relations.

Relations between state bodies, local executive bodies of the state authority and agencies administering state specialized funds are considered as inter-budgetary relations. Inter-budgetary relations are based on the following principles:

- distribution and securing income and expenditure of budget by specific levels of the state budget of the Republic of Tajikistan;
- delimitations on a permanent basis and distribution of regulatory incomes by temporary rules between various levels of the state budget of the government;
- equality of budget rights of local executive bodies of the state authority on state specialised funds;
- equalization of the minimum budget provision for local executive bodies of the state authority;
- equality of all budgets in interrelation with the state budget of the government.

Local taxes are fully transferred to local budgets. The distribution of general state taxes between the national and local budgets is under the jurisdiction of the government and approved annually according to the Law of the Republic of Tajikistan "On State Budget".

Forms of financial aid to local budgets.

Financial assistance is provided to local budgets in the following forms:

- subsidies: to equalize the level of minimum fiscal capacity of local executive bodies of the state power, financing the minimum state social standards, responsibility for financing of which assigned to the local executive bodies of the state power;
- subventions- for funding of special-purpose expenditures;
- budgetary loans: to cover temporary cash shortages arising from execution of local budgets;
- other forms provided by legislation of the Republic of Tajikistan.

The order for providing financial assistance, and its size in terms of grants and awards (subsidies) is regulated by the Law "On State Budget of the Republic of Tajikistan" for the next fiscal year. With a view to eliminating cash deficiencies in the Treasury during the process of local budget execution, the Ministry of Finance can allocate temporary loans to local budgets, which are subject to return within the same fiscal year.

The amount of trust funds (subventions) from the state budget, to budgets of local bodies of the state are defined by the Law "On State Budget" each year. Trust funds are allocated to balance revenue and expenditure. Allocations of state subventions to local bodies of government are not reflected in the budgets of local self-governing bodies.

In relation to Article 10 of the Law "On State Budget for 2011", trust funds earmarked from the state budget to the budgets of Gorno-Badakhshan Autonomous Oblast, regions, cities and districts was approved for the amount of TJS 341 726 thousand.

Subventions from the state budget account for only 18-20 percent of revenues. The share of subsidies in the revenue of local bodies of state authorities depends on the level of economic development. In 2010, the subsidy from the state budget in Badakhshan was 86.9 percent, in Khatlon region it was 48.9 percent, and for Sughd there was no budget⁵. Nevertheless, the overall conclusion is that local bodies of the state authority are more dependent on central government.

In order to address the issues of stabilization, and alignment of economic development of regions through the national budget, the differentiation of tax revenues to the state budget and its redistribution by inter-budgetary relations occurring on a yearly basis. In particular, Article 15 of the Law "On State Budget of the Republic of Tajikistan for 2011" confirms that "allocation of resources from state taxes and revenues collected from tax-payers located within the territory of the Republic of Tajikistan to the republican and local budgets are made in the following proportions (percentages):

Value added tax (VAT):

- to the budgets of regions, cities and districts (except Dushanbe city, Tursunzoda town, and Hisor district) – 100 percent;
- for Dushanbe city – 53 percent to the city's budget and 47 percent to the republican budget;
- for Tursunzoda town – 100 percent to the republican budget;
- for Hisor district - 18 percent to the district budget and 82 percent to the republican budget.

Thus, the proportions are set according to the pace of economic development of the region.

For the purpose of addressing the issues of stabilization and alignment of economic development of regions through the national budget, a stabilization fund is formed every year, through which redistribution of inter-budgetary relations are made.

Article 20 of the Law "On State Budget for 2011" states that "in 2011, 20 percent of the amount of over-fulfilment of the revenue part of the approved budget of regions, cities and districts, Dushanbe city-10 percent and 30 percent of the amount of over-fulfilment of the revenue part of the approved republican budget will be forwarded to the 'Stabilization fund for economic development'". The stabilization fund is inadequately provided for within the structure of the state budget, and resources are not sufficiently allocated. Some countries that do not have capacity to form a stabilization fund, for example, Baltic states, apply a law related to fiscal equalization of resources of self-governing bodies. For Tajikistan, it is deemed reasonable to consider developing a draft Law "On equalization of financial resources of local bodies of the state power and local self-governing bodies".

Authority to set tax rates and adjust the tax base. Further consideration is required on whether local governments should receive income from specific taxes, which are fully controlled by national authorities or they should have some powers to define taxation. This could include powers to establish tax bases and/or rates. These are procedural issues, normally determined through the law or other regulations.

Expenditures of local budgets.

In relation to the Law "On Public Finances", the following activities are exclusively financed from local budgets:

- operational costs of local executive bodies of the state;
- operational costs of the local governing bodies in townships and villages;
- forming communal property in areas, and its management costs;
- organization of, maintenance of activities, and development of institutions for education, health care, culture, sport and physical training sectors, periodicals and publications, and other institutions related to municipal property or under the authority of local executive bodies of the state;

⁵See Annex 1.4.2.

- development of housing and communal services;
- road construction and maintenance of local roads;
- landscaping and planting;
- organization of (using and processing) of domestic waste;
- establishment of transport services for the population and agencies, under communal property or under the authority of local executive bodies of the state;
- nature conservation;
- implementation of special-purpose programmes for local bodies of the government;
- servicing and repayment of debts of local executive bodies of the government;
- transfers to the population;
- holding elections of local representative bodies of the government;
- financing of other decisions of local executive bodies of the state and other costs pertaining to local issues, in line with the budget classification of Tajikistan.

Cost-sharing of state and local budgets.

According to the Law "On Public Finances", the following activities are co-financed from state and local budgets:

- government support for industry, construction, agriculture, energy, transport, communication and road infrastructure;
- funding law enforcement operations;
- funding for anti-fire safety;
- funding research for engineering, research and development activities, and designing survey works that ensure scientific and technological progress;
- providing social protection to the population, together with education, health care, culture and sport;
- providing nature conservation, protection and restoration of natural resources, and hydro-meteorological activities;
- providing prevention and response for emergency situations and natural disasters;
- development of market infrastructure;
- supporting the operation of mass media;
- financial aid to other budgets;

- other expenditures, which are under joint authority of the government and public administration bodies and local executive bodies of the state, and self-government bodies in townships and villages.

Distribution and consolidation of expenditures showed at this section between budgets of various levels of government budget of the Republic of Tajikistan are approved by legislation of the Republic of Tajikistan, which regulates the issues of joint management, as well as the Law on state budget for the next fiscal year.

The approval procedure of the distribution and consolidation of expenditures under joint management of government and public administration agencies, and local executive bodies of the state and self-governing bodies in townships and villages, are convened by the government.

Assessment of the main objectives of fiscal decentralization.

The Public Finance Management Strategy identifies the key objectives of fiscal decentralization in the medium- and long-term perspective. These objectives require assessment of actual implementation.

Medium-term objectives of inter-budgetary relations development⁶

In the medium-term perspective, the budget allocation for various levels of government is based on a stable, objective and transparent methodology. This can be achieved by:

- 1) further development of per capita financing for social sectors (health care and education) in all districts;
- 2) development of a methodology for allocation of funds between different levels of government (including a formula for local taxes, income from real assets, and government transfers);
- 3) making changes in the legislative framework to introduce a new system of financing of local government bodies.

⁶These recommendations derive from the Report of Consulting Company Ecoris: *Functional Review of the Ministry of Finance* implemented within the framework of the PRSP Project.

The long-term objectives (achieving the principle of public financing of local authorities based on their functional responsibilities) include:

- 1) improving planning and enhancing budget capacity of local authorities;
- 2) conducting a functional review at all levels of government to identify overlapping functions and gaps;
- 3) conducting a vertical functional review of the Ministry of Finance;
- 4) reviewing current legislation, taking into account recommendations of the functional review to make appropriate amendments and additions;
- 5) determining lessons learned from implementation of the Midterm programme of the state expenditures in social sectors and pilots of programme budgeting, and reform of relations at different levels of government;
- 6) developing and adopting a new law on the administrative and territorial division;
- 7) implementing recommendations of the researches relating to Public Finance Management Reform.

2 SECTION INSTITUTIONAL MANAGEMENT: SECTORAL DIMENSION

CHAPTER 2.1. INSTITUTIONAL CAPACITY OF THE REAL ECONOMY.

The institutional capacity of the real economy implies combined possibilities of regulatory mechanisms of institutions of material production and a set of economic relations associated with the activities of economic entities.

2.1.1. The current state of the institutional capacity of the real economy.

Institutional framework of the agriculture sector. Tajikistan is an agrarian country where the agriculture sector is a significant part of the national economy, contributing more than 20 percent of gross domestic product (GDP) and employing two-thirds of the population. The sector is a growing and consistently improving system of intersectoral integration between agriculture, the processing industry and industrial infrastructure. Growth in the sector made a significant contribution to the post-conflict recovery of the economy of Tajikistan, accounting for one-third of total economic growth between 1998 to 2005.

Organizational structure of the agriculture sector.

Area 1 – branches producing the means of production for agriculture;

Area 2 – agriculture itself;

Area 3 – branches of production infrastructure

Area 4 – branches processing agricultural products and primary goods.

The agriculture sector composes around 20% of GDP and provides 2/3 of population employment. Growth of the agriculture sector made significant impact into post-conflict renewal of the economy of Tajikistan made up at around third part of common rehabilitation growth from 1998 until 2005.

There is a concern that growth is not sustainable. Past progress was mainly achieved due to external factors, rather than real changes in sources and incentives. Currently there are major upheavals in the structure of agricultural production; in particular, the volume of cotton production and vegetables has significantly declined, while the volume of cereals and potatoes has increased.

Despite positive developments and the general trend towards to growth of agricultural products within the agricultural sector sphere, the overall state of agrarian sector is far from stable functioning. There are a number of key issues arising:

- a slump in the purchasing power of agricultural producers caused by price disparities between products of industry and agriculture, together with a withdrawal of funds from the agricultural sector;
- a reevaluation of the role of the market as a self-regulating institution in the context of weakening government regulation and support to the agricultural sector;
- a deterioration of materials and in the technical basis of agricultural enterprises, and the low security of farms and citizens' private farms; and
- a degradation in soil fertility and deterioration of the irrigation network.

In Tajikistan, the agricultural sector, as an institutional foundation, does not have a formal organizational structure. Following independence in the 1990s, there was a Council of the Agricultural Sector which performed a coordinating and monitoring role within the sector. Various sectors of the economy, where no agro-industrial production existed, were included into this informal, intersectoral association.

The Ministry of Agriculture, Ministry of Land Reclamation and Water Resources, and the, State Committee of Land Management and Geodesy are the main administrative entities of the agricultural sector.

At present, the Council operates without legal status and it is headed by the Deputy Prime Minister of the Republic of Tajikistan. Meetings of the Council are held irregularly, priorities and key issues are not prioritized, thus decisions and recommendations of the Council do not have a significant impact on the sector.

Civil society organizations are being formed within the sector, including agro-oriented public associations, professional business-associations and PO (for example, the National Association of Dehkan Farms, and the Agricultural Alliance of Tajikistan), and are steadily increasing.

Despite the key role of agriculture within the economy, the sector is not categorized as a central element in the main strategic documents (the NDS

and PRS) concerning the development of the country. The “Concept of Agricultural Policy of the Republic of Tajikistan” (approved by Resolution of the Government of the Republic of Tajikistan, No.658 of 31 December 2008) confirms that the key point for agriculture in the market economy is the profitability of farms. However, this document does not reflect the fundamental point of development of modern agriculture, as the market, not less than direct management connections, can coordinate the economic activity.

The State Agro-Industrial Department (SAID) of Tajikistan, as the only entity for management of the agriculture sector, was established in 1986. The SAID comprises the Ministry of Agriculture, the Ministry of Land Reclamation and Water Resources, the Ministry of Agricultural Construction, the Ministry of Food Industry and the Ministry of Cotton-Cleaning Industry. The number of personnel working at the central administration office was 675 persons.

TABLE 2.1.1
Agriculture production in all categories of farms (thousand metric tons).

Product	1991	2001	2005	2006	2007	2008	2009	2010
Grain	304.3	494.2	934.9	912.3	931.2	942.9	1,294.5	1,261.0
Raw cotton	819.6	452.7	447.9	437.9	419.8	353.1	296.0	310.5
Potato	180.9	308.2	555.1	573.7	662.1	679.8	690.9	760.1
Vegetables	627.8	396.8	718.5	759.7	835.1	908.2	1,046.9	1,142.6
Melons	175.0	96.9	170.2	218.2	254.2	285.2	424.6	482.4
Fruits	176.8	143.6	148.3	208.8	157.2	262.4	213.9	225.3
Grapes	120.9	109.7	90.6	107.1	116.9	117.9	138.7	124.2
Tobacco	11.1	4.1	1.6	1.3	0.5	0.2	0.2	0.5
Livestock and poultry (live weight)	150.7	60.0	107.4	112.3	119.0	129.8	134.3	143.2
Milk	587.2	382.6	533.0	544.7	583.6	601.0	629.7	660.8

Source: Main agriculture indicators of the Republic of Tajikistan – 20th anniversary of the state independence. Statistical bulletin. Dushanbe: Agency on Statistics under the President of the Republic of Tajikistan 2011, pp.48- 88.

The real sector has yet to benefit from institutional reform, agrarian reform and market infrastructure. The reason for the weakness of market reforms are inadequate institutional changes and low levels of awareness. Although policies have changed, public and private institutions have not. Most government institutions responsible for convening the new policies work on the principles of centralized planning by applying administrative tools and methods of enforcement as a basis for management and implementation of policy.

A clear definition of the roles and responsibilities of government bodies required under the reform process is the starting point for implementation of institutional changes, accompanied by support for institutional restructuring and training for staff. This will require the substantial involvement of the donor community, as institutional rules applied before independence are entrenched, with influential powers striving to preserve the status quo.

Institutional framework of the industrial sector.

The industrial sector of Tajikistan consists of more than 90 sectors and forms of production. Most enterprises have been transformed into joint

stock companies and private forms of ownership, and enterprises with foreign capital have been established.

There are sufficient raw materials in the country for establishment of metallurgical, chemical, construction and other industries. The largest deposits of silver, gold, iron, lead, antimony, coal, table salt, precious stones and other minerals are being explored. The existence of metallurgical, mining, chemical, machinery, textile and other enterprises with high export potential, can in the short term, meet the growing demand of consumers for high-quality raw materials and commodities both within the country and externally.

Currently, the share of non-ferrous metals accounts for 40 percent of the overall industrial sector of the country. The company JSC 'TALCO', successor to the Tajik Aluminium Plant, is globally known. Additional large enterprises include Adrasman lead-zinc plant, and Zarafshon and Darvoz, joint ventures in mining and gold processing. The food industry accounts for more than 20 percent of the sector, and light industry, 14.6 percent.

TABLE 2.1.2
Main industrial development indicators of Tajikistan

#	Indicator	1991	2001	2005	2006	2007	2008	2009	2010
1	Number of industrial enterprises (units)	2,308	1,257	1,130	1,094	1,397	1,366	1,384	1,386
2	Volume of industrial products, in mln TSJ (at 2010 prices)	9,845	4,770	7,220	7,617	8,371	8,078	7,553	8,248
3	Index of overall volume of industrial production (compared to 1990)	96.4	46.7	70.7	74.6	82.0	79.1	74.0	80.8
4	Average annual number of personnel (000s of persons)	215.4	86.79	85.1	82.1	80.4	74.2	68.5	69.5

Source: *Industry of Tajikistan, Dushanbe: Agency on Statistics under the President of the Republic of Tajikistan, 2011, pp. 8-9.*

In the sphere of industry, although civil society organizations are not common as in the agricultural sector, nevertheless their role is critical and growing. Active public associations, professional business-associations and POs involved in industry include the Association of Manufacturers and Entrepreneurs of Tajikistan.

Insertion 11.

Association of Manufacturers and Entrepreneurs of Tajikistan (AMET).

AMET was registered in October 2007, with the main goal of coordinating the business activities of its members, and representing and protecting their economic and legal interests. The composition of AMET is as following:

The composition of AMET is as following:

- LLC 'Toj Sokhtmon Baynalmilal', which is engaged in construction of multi-storey office and residential buildings, and industrial and domestic enterprises.
- LLC 'Tojik – Marmar', which manufactures marble slabs, marble products and marble chips (and equipped with technological equipment manufactured in Italy), and also has six mining operations for extracting marble.
- LLC 'Evroplast', which manufactures windows, doors and stained-glass windows (from high-quality plastic materials imported from Germany).
- CJSC 'Ros-Asia Invest' which invests in the construction industry and project development.
- CJSC 'MTI-zargari', which manufactures jewellery.
- CJSC 'Tabaruk' which produces soft drinks.
- CJSC 'Textile City', which specializes in the processing of cotton fibre, yarn, fabric and garments.
- CJSC 'Guliston', which manufactures garments (equipped with modern technological equipment from Germany, Italy, Japan and Turkey).

Institutional framework of the fuel and energy sector.

Tajikistan possesses significant reserves of natural energy resources: coal, oil, natural gas, hydro, solar and thermal power (from water, sun and wind) power. Approximately 22 percent of the total potential coal reserves of Central Asia are within the territory of Tajikistan. However, a considerable part of coal resources are located in areas of extreme climatic conditions, and consequently, limited possibilities for industrial development. The explored oil and gas resources are insufficient for domestic and municipal use.

In order to develop the energy sector, the availability of large resources is not enough: it is also necessary to possess a level of knowledge of existing reserves, in terms of quantity and quality, and technical and economic indicators for their commercial development. Thus, despite having substantial energy reserves, Tajikistan still imports most of its resources.

Hydropower is a major component of natural energy resources, accounting for 80 percent of the total energy resources of the county. The capacity of cost-effective hydropower resources is 85 billion kW, accounting for 30 percent of the total potential hydropower resources. The overall potential reserves of hydropower resources are 527 billion kW per year. The present level of production of electricity is 6.5 percent of the technically utilizable capacity.

The explored reserves of oil, gas and condensate currently available is less than one percent of total resources, which are estimated at 1,033 million tons of standard fuel. In order to increase oil and gas production, significant investment is required, including in new technology, and exploration of difficult geological areas. Projected coal reserves are currently estimated at four to five billion tonnes (of which only a small part is actually produced: the total production in 2001 was 25 thousand tonnes). Coal reserves cover most regions of the republic,

but the major fields are located in remote mountainous areas.

In the circumstances describe above, the main task of the government is the achievement of economic security, an integral part of which is energy security, including ensuring the continuity of the energy supply by providers and achievement of energy independence. Thus the supply of fuel-energy national energy policy “to create conditions for gradual transition of the energy sector to a market economy, to attract domestic and foreign investors, to ensure independence of energy enterprises and their development based on market interrelations”. The law outlines the authority of the government and the Ministry of Energy and Industry with regard to regulation of energy-related issues. Pursuant to this Law, activities in the field of energy are executed under license.

Developing alternative sources of energy are allowed under several laws (including the Law “On Energy”). However, aspects such as individual tariffs for alternative energy, property rights, licensing, and financial incentives are not adequately covered by existing legislation. Under the framework of the State Programme on Alternative Energy, the government acknowledged the need to develop a separate Law “On Alternative Energy Sources”, which was adopted in 2010 and provided a legal and regulatory framework for the development of e alternative energy sector.

Civil society organizations working in the fuel and energy sector include public associations of power engineering specialists, professional business associations and POs, for example, the Association of Power Engineering Specialists of Tajikistan, which plays an active role in the process of reforming the sector and developing relevant legislation, particularly in relation to the exploitation of renewable energy sources.

Functional review of ministries and agencies.

The main purpose of analyzing the activities of

Insertion 12.

Transition of the Ministry of Agriculture to a new structure and functions.

Some functions of the Ministry of Agriculture are also included under the regulations of other departments and institutions, which are not in a position to implement them, while other functions that must be implemented are omitted from the regulations. Additional functions exist in separate entities that are irrelevant to that particular entity. In other cases the regulations are unclear, hence the meaning of the functions themselves are confused. There are further functions, which remain from the period of command-administration. It is impossible to perform such functions at present due to a lack of resources and there being no legal right to private sector management. In addition, incompatible types of function can also be seen, for instance, political and regulatory functions within one administrative unit or organization. As a result, it is necessary to develop appropriate regulations for all structures of ministries.

Currently, prescribed functions under charters and regulations are not always outlined fully and specifically. The ministry has been subject to restructuring during recent years and not all documents, including regulations, were able to be reconsidered and edited, nor was there sufficient time for comprehensive study of these document and to bring them into order.

resources is considered the key task of economic policy in Tajikistan, and by recognizing the importance of this issue, the government undertakes measures towards ensuring the smooth-running of this sector.

The main legal document governing the development of energy is the Law “On Energy” (2000), the key goals of which are in line with

government authorities and local self-governing bodies is to enable the creation of a management system whereby government bodies can effectively, collectively and individually carry out the functions necessary to achieve the goals set for them by the leadership of the government. The analysis used to seek ways of improving the functioning of the administrative management system, is to assess the actual functions performed by state agencies and local self-governing bodies, and compare them against those functions that should be performed.

The functional analysis was initiated by the World Bank and UNDP as a diagnostic tool in public administration reform: a key priority under the NDS.

2.1.2 Structural policy in the industry

Over the last 10 years, there has been a period of de-industrialization in Tajikistan, accompanied by a decline in industrial production, a decrease in production of finished commodities, the transition of industry to the early stages of processing of raw materials, the growth of the raw material base, a slowdown in the renovation of fixed assets, and generally an increasing technological backwardness.

The de-industrialization process reflects an overall trend of the structure of economic restructuring and accompanied by significant changes within territorial organisations of the industrial production and related service industries, and first of all infrastructure ones. De-industrialisation has a noticeable impact on the social environment, including a reduction in the number of people employed in industry and its share of GDP, which affects the level and sources of people's income and consequently their living standards and social behaviour.

In Tajikistan, this process connected to the structural reforms within economy, when the sectors of services and financial-credit moved to the forward position.

A significant reduction in the role of manufacturing industries within the economy of the country coincided with a reorientation to the development of other long-term areas and sectors, e.g. communication, tourism.

De-industrialization has caused a reduction in the significance of the processing industry in the national economy and its subsequent lack of competitiveness with respect to neighbouring countries. Furthermore, the essence of the present trend in the agricultural sector is the curtailment of large-scale production and a shift towards predominantly manual labour.

At present, the key tasks of structural changes in the real sector of the economy resulting in institutional reforms are at the level of curbing de-industrialization. Following a progressive deterioration of parameters of structural and technological characteristics in the sectors of material production in transition to a market economy, the effectiveness of policies to stabilise production mainly determined by implementing an active industrial policy supposed to modernise the production.

In December 2006, the Ministry of Energy was merged with the Ministry of Industry. The current structure covers a wide range of operations of existing enterprises of the country, including most sectors of industry and the fuel-energy sector, regardless of the type of enterprise. It should also be noted that there are significant differences between the approaches required for shaping policy for each of the industry and energy sectors.

Within the framework of implementing the NDS, the government and the Ministry of Energy and Industry worked on the following key issues during 2007-2010: (i) conducting institutional reforms; (ii) risk reduction for business and investment; (iii) elimination of obstacles for investors and

entrepreneurs during the period of their entrance into the market; (iv) reduction of costs implied from investment and entrepreneurial activity; and (v) government support for business and investment.

The transition to a market economy has resulted in almost all industrial production in Tajikistan – with its existing ranges of products – facing difficult conditions for survival. Tajikistan has insufficient domestic funds for new large-scale industrial construction, reconstruction and re-focusing of non-functioning enterprises with their specialization established during the former Soviet Union. Moreover, a lack of clearly formulated priorities in industrial policy has exacerbated the difficulties of the modernization process of the industrial structure (although in the field of market relations, some advantages have been received by those enterprises and sectors that were able to focus their production, and bring them into compliance with modern global standards). It is necessary to develop a more effective industrial policy that promotes industrial development. The main goal of industrial policy during the transition period is to define and develop priority industries and industrial production, and improve the process of their integration into the global economy.

Institutional and legislative reforms aimed at improvement of property issues, promotion of the transition of enterprises to modern forms of business organization, and enhancement of competition between market players, have a critical importance for the state in implementing its targeted industrial policy. The challenges include the reform of enterprises in accordance with a modern economic structure, development of and support to small business, activities related to the transition of state property to private ownership (privatization), or vice versa (nationalization), and legal establishment of and support for new market institutions. The tools for enacting appropriate policies include licenses, regulations, law-making, developing effective organizational and economic entities, transformation of property relations, providing a relevant legal

framework for market processes, and development of a legal basis for the establishment, operation and liquidation of enterprises (including through the procedure of bankruptcy).

Insertion 13.

The Ministry of Energy and Industry

Based on the findings of the functional review, the following issues of institutional development are pertinent:

1. There is a duplication of some functions. The function of organizing effective geological-exploratory works on replenishing oil and gas is duplicated by that performed by the State Unitary Enterprise (SUE) 'NaftugazvaAngisht'. Taking into account the production nature of this function, execution of such activities should be centralized at the SUE, while the management should focus on developing the policy of the industry, in particular an investment policy which promotes expansion of geological exploration. Similarly, a number of other departments also implement the same functions as other SUEs.
2. In some cases, departments perform functions that are inappropriate for them. For example, the Department of Construction Materials has responsibility for implementation of the production plan and sale of products to private companies. The department should not conduct monitoring functions on the financial/economic activity of private enterprises.
3. There is a process of confidential grouping of functions, which are implemented by sectors as priority and secondary. Energy issues are considered as a priority function.
4. The ministry's departments often perform 'transit' functions, i.e. serving as a mediator between SUEs and the Ministry.
5. The implementation of functions can be complicated due to insufficient logistical support: a lack of automated processing of data and documents; the poor quality of communication means, such as lack of computer equipment, and internal information systems; and a lack of physical space and office equipment.
6. The function of licensing and monitoring the implementation of license conditions by enterprises – which are assigned to the Department of Licensing – are connected with the taxation level of enterprises. The department must carry out reform in the practices of inspecting business and procedures for registration of documents related to permission. There is a need to adopt a new organizational management structure.

2.1.3 Agricultural sector reform.

The institutionalization of the sector has occurred in line with the reforming of socio-economic relations in the agrarian sector. The experience of reforming the latter confirms the strategic importance of the institutional aspect of transformation.

Agricultural reform appears to be as institutional basis for emerging the new forms of management in rural areas. Institutional reforms of agricultural relations will lead to emerging of special strategies of farming (“psychology of self-survival”) as well as to establishment of the complex mechanism of resistance, which enables the system of self-reproduction to lead family-based economy. This necessitates the development of public policy towards achievement of sustainable family-based farming.

The restructuring of agricultural relations in Tajikistan occurred in relation to key areas of the global economy: the agricultural economies of developed countries; the process of concentration, cooperation, integration of sectors in agribusiness industries; the application of new technologies; an increase in the level of marketability and efficiency of enterprises; and an improvement in the socio-economic conditions of farmers. The conceptual framework for agrarian reform in Tajikistan was based on dividing farms into smaller units, together with refusal from co-operatives, disintegration of the agricultural sector, de-industrialization, which led to a transition to archaic technologies of agricultural production, the wide use of barter, a reduction of marketability, the destruction of the rural social infrastructure, and a significant deterioration in the economic situation of farmers.

The agricultural sector of Tajikistan is characterized by a quantitative and qualitative growth in family agricultural production, including the development of household land plots based on manual labour. The development of the agrarian sector during the transition period is because of the need for survival

of the population. However, focusing solely on this sector is not forward-looking, as it is based largely based on manual labour, low levels of mechanization, and the use of obsolete farming methods aimed at self-consumption and low marketability.

The emergence of new institutional forms of activity among agribusiness entities requires the implementation of a state regulation system for rationalizing budget financing, preferential loans, pricing policy, government procurements, and promotion of domestic agricultural products in world markets (through antimonopoly and customs-tariff measures), interaction of executive bodies of the state with insurance companies, and reform of the tax administration with a view to supporting cost-effective production.

Initially the process of agricultural reform is accompanied by the growth of the informal economy. However, an informal economy – being the basis for the establishment of new enterprises, changing the varieties, technology, and methods of farming products, and external and internal economic relations – demonstrates flexibility and survivability. Therefore, the positive convergence of formal and informal institutions promotes the optimal functioning of the family sector, allowing the achievement of consensus when the institutional and legal, and formally set rules emerged at the informal level (for instance, evading of microstructures from paying taxes).

The main directions of institutional policy in the agricultural sector envisage accomplishment of reforms started directly in agriculture and resolution of issues raised during the implementation process.

Accomplishments of institutional changes in agriculture:

- Bringing organizational and legal forms of agricultural enterprises into compliance with the civil legislation of Tajikistan.
- Addressing the issues of funding the rural social

infrastructure and releasing agricultural enterprises from these responsibilities.

- Introducing a legislative framework for the definition of agricultural producers in Tajikistan; and establishment of a unified methodology for statistical observation of agricultural producers of all organizational and legal forms to ensure comparability of assessments;
- Establishing a sectoral information system, allowing for collection, processing and disseminating of data on the status of the sector, agri-food markets, the situation of the rural population, etc.
- Developing regulatory documents defining the features of bankruptcy of agricultural producers.
- Developing national and local programmes on rural development aimed at the promotion of alternative employment.
- Providing state support for the cooperation of family farms in the areas of marketing, supply, and processing.

Institutional capacity for agricultural reform.

The Government of Tajikistan adopted a political decision on reform of the agricultural sector. The Decree of the President of the Republic of Tajikistan, No.663 of 30 May 2009, “On additional measures to support the agriculture in the Republic of Tajikistan”; the Resolution of the Government the Republic of Tajikistan, No.406 of 2 July 2009; and the Action Plan of Agricultural Reform of the Republic of Tajikistan. These are positive steps: in addition, there should be significant changes made in many regulatory and legal acts, and most importantly, the reforms must be implemented in practice. Most activities related to agricultural reform are implemented by members of different working groups, with the involvement of ministries and agencies, government organizations and research institutions.

In order to intensify the process of agricultural reform, the government established six sectoral groups to develop strategic documents covering the major areas of agricultural reform:

1. Agricultural reform programme.
2. Rural social development programme.
3. Land reform and organization of land rights market.
4. New funding mechanism.
5. Integrated Water Resource Management.
6. Agricultural management reform at the regional and local levels.

Of the above, the priority areas of agricultural reform are defined as:

- Land reform and organization of land rights market;
- Integrated water resource management;
- Agricultural management reform.

Land reform and development of the market of land use rights.

Reforms in the agricultural sector, especially related to land reform and the formation of the mechanism for turnover of land use rights affect the nature of production and forms of labour organization. The undertaking of comprehensive measures towards agricultural reform should comply with the spirit of cooperation and equal opportunities for access to financial, material and information resources, and markets of agricultural factors of production. The development of land-use rights has an impact on the nature and scale of informal employment, thus cooperation can be considered as a possible stabilization measure towards reduction of social tension in rural areas. Therefore, cooperation should be considered as an accessible measure for the informal economy, and assistance provided for the establishment of production, consumption, service and credit cooperatives, based on improvement of relevant legislation.

Land Reform and market development of land-use rights require that the following be addressed:

- to review the role of local government in land-use issues and encourage non-interference in economic activities of land users;
- to improve legislation on land and the rights of land users;

- to create an accessible system for establishing the breakdown of land use;
- to establish a mechanism for turnover of land-use rights;
- to establish a unified land register;
- to enhance administration of the Agency for Land Management, Geodesy and Cartography.

The key amendments to the Land Code are as following:

- a 'property right' to land use will be introduced;
- it allows the purchase, donation, exchange, mortgage and other civil-legal transactions with land use rights, as well as transition to a system of universal succession without the consent or intervention of executive bodies of the state;
- it improves the legal procedures for seizing land for government and public needs (the sovereign right of state to alienate): (i) when parties disagree, by the court decision; and (ii) compensation at market value.
- it entitles the right for free withdrawal of land shareholders from a worker's farm.

There is a need for organized adoption of amendments proposed in PARS№3 in the Majlisi Oli, which will form the basis for enhancing land reform, and will provide the foundations for promotion and successful implementation of all agricultural reform.

Integrated water resource management.

The existing management structure and the economic mechanisms of the irrigation system, drainage and other sectors of the water management system are inherited from the centralized planned economy and are not an effective tool for water resource management in market conditions. Although policy has changed, government institutions themselves have not undergone substantial changes. This situation reflects the difference in the perception of responsibilities between the state and non-state agencies in the process of transition from a command system to a market economy. The

process of redistribution of the roles of public and non-public sectors in the provision of goods and services is slow, and there are still many state agencies which have responsibility for the introduction of standards, and functioning under central planned principles with the determination of the volume of products, based on directive planning and strategic implementation. Privatization is proceeding very slowly in the water management sector, as it is a capital-intensive sector, with government policy defined in the "Concept on rational and efficient use of water resources in the Republic of Tajikistan", approved by the Government of the Republic of Tajikistan on 1 December 2001, № 551. The main focus of new policy is the development of market relations, while maintaining public support.

Since 1996, a fee was introduced for the water supply to consumers, and its tariff system requires improvement. There has been privatization of housing stock, in the construction industry, and in the production base of automotive, earth moving and other equipment. In addition, the process of handing over small pumping stations, irrigation facilities and drainage wells from public institutions to private dehqan farms and water users associations for exploitation is ongoing. At present, an inventory of irrigation systems is underway, based on which the entire state inter-farm irrigation system will be handed over to the non-governmental sector.

Furthermore, a set of documents has been developed – and are under review by the government – concerning separation of the political and economic functions of the Ministry of Land Reclamation and Water Resources, and establishment of an economic body 'Mirob', which will amalgamate the public and private sectors. The result of the reform would be a shift to the basin principle of water resource management with the creation of five basin water organizations (BWOs). The European Union (EU), UNDP and the Food and Agriculture Organization of the United Nations

(FAO) are providing support for these issues. In addition, committees and working groups have been established at the ministerial and government levels, respectively.

At present, water resource management is largely based on the administrative and territorial division principle. The existing three-tier management structure Rayvodkoz (District Water Management Office) – territorial water management office - Oblvodkhoz (Regional Water Management Office) – the Ministry of Land Reclamation and Water Resources, use considerable expenses for inefficient water use. In addition, there is no proper alignment of the interests of water-supplying organizations and farmers, in terms of the final result (the harvest). Staffing of the ministry is also substantial: there are 9,404 established posts, including 1,433 in construction, 155 in sectoral industry, and 7,816 employed in running water systems, repair works, collecting payments, etc.

Under this system of administration, annual state expenditure is over 23.6 million Somoni. In addition, 45.5 million Somoni collected from water payments are also used, as is capital investment of public funds of over 16 million Somoni for new construction, reconstruction and rehabilitation of hydraulic structures. Local executive bodies of the state authority are directly involved in the appointment of heads of water management organizations, and funding from local budgets, which in practice, leads to duplication of the functions of these organizations.

The lack of public funding of irrigation and drainage systems negatively affects the sector itself and agriculture, in terms of sustainable growth. It has been estimated that the funds required for the maintenance and repair of the irrigation and drainage system are approximately six to seven times higher than actual costs. Most of the irrigation and drainage works needed are for technical support, however, due to the lack of funds this has not been carried out. Consequently, the technical

condition of the irrigation and drainage system is deteriorating: depreciation exceeds 50 percent (including pumping stations 65 percent, and irrigation and drainage wells, 70 percent). This situation negatively affects the stability of the water supply, the condition of lands, productivity of agricultural crops, and environmental conditions over large areas.

Payments to be made by farmers for water consumption differ by areas (for example, irrigation, mining and valley areas, and irrigation of pastures). Farmers pay an average of 15.5 - 17.7 Somoni/1,000m³ for water consumption without the use of pump in different areas, and the same amount for the first pumping lift. On the second lift they pay 28 Somoni/1,000m³, on the third 32 Somoni/1,000m³, and so forth. The actual cost of water delivery varies in practice, ranging from the cheapest, by gravity, to a significant increase for the electrical pumping of water, not less than 50 percent of total expenses.

The higher the lifting of water is, the higher the costs are. Due to the fact that farmers pay a flat rate for water consumption, comprised mainly of direct state subsidies, and have a preferential electricity supply at low cost (12 percent of payments for water consumers), there is no incentive to produce drought-resistant crops and introduce water-saving systems in areas of lift irrigation. In many places, the amount of water used is not metered, and approximate regulatory assessment is adopted as the basis of measurement. As a result, water is used inefficiently, and farmers do not take into account the real cost of water delivery in the cultivation of crops.

The system of land reclamation and water management, and reform of the water management system is an integral part of the reform of agriculture as a whole. Therefore, in the last three to four years, the reform of water management is carried out as integrated land and water reform at the official level.

The existing management structure of irrigation and drainage systems remains intrinsic to the planned economy, and the economic mechanism is being transformed from purely public financing to a market economy, as a result of the introduction of payments for the supply of water, and a gradual differentiation depending on the water supply method.

To reform the existing system of water resource management, the following tasks need to be undertaken:

- Conducting an inventory of irrigation systems, and eliminate the abandonment of inter-farm irrigation systems by assigning them to Water User Associations (WUAs) and other water users.
- Establishment of an information system for water resource management.
- Further improvement of tariff policy and subsidies.
- Widespread establishment of WUAs, federations and councils of water users; and capacity development of WUAs to ensure their sustainability.
- Strengthening the activities of WUAs to ensure the full collection of funds for water use.
- Rehabilitation of irrigation and drainage systems, improve old-irrigated lands and develop new lands.
- Encouragement of the rational and efficient use of water resources.
- Reform of the irrigation sector, including the division of political and economic functions in this area and the transition to the basin principle of water management.
- Introduction of economic mechanisms for water resource use at the inter-state level.
- Transition to integrated water resource management, taking into account all sectors, water users and the issues of environmental protection.

An integrated water resource management system will create the necessary prerequisites for the formation of an effective economic mechanism of interaction, allowing avoidance of an accumulation

of debt of water users for water supply services, and will lay the foundations for the sustainable development of the whole water management sector of the country.

The formation of an integrated water resource management system is based on the basin principle. The revival of the basin management principle based on an ecosystem approach will allow the management of water in an integrated manner, with the broad participation of water users in decision making, maintenance and exploitation of irrigation and drainage systems and other water funds. This will create a stable base for the development of irrigated agriculture and increased productivity of agriculture crops and other sectors of the economy.

The principles of the basin approach in water resource management are not new to Tajikistan. Basin water resources management was introduced in Tajikistan and carried out until the mid-1980s. There were 17 irrigation systems in the major river basins (such as the Vakhsh, Khodzhaboqirghon, Farkhor-Chubek, Panj, and Isfara). Research of available materials, past local experience and the experience of developed countries, shows that two-tier system of basin management is more efficient in terms of cost than the present three-tier system.

Restoring a basin management system in the new ecosystem approach is an important component of reform, not only of the drainage and irrigation system, but also the entire water sector. Reform will help in the future to enable other actions related to an effective integrated water resource management across all sectors of the economy. Possible distribution of hydrographic basins and territorial differentiation of Tajikistan are provided in the Annexes. A major participant in basin management will be the Basin Water Organizations (BWOs), the likely structure of which is presented in the Annexes. A further key component of basin management is WUAs, which provide a crucial link between the BWO, farmers, and other water users.

The viability, effectiveness and sustainability of WUAs is critical to the success of the entire system. Therefore, special emphasis should be given to the widespread establishment and sustainability of WUAs.

Reform of the agricultural management system at the regional and local levels.

The reform of the agricultural management system at the regional and local levels is the most important aspect of reforming the sector. Reform has slowed down at this level and experience suggests that the interests of farmers are catered for. Reforming the system at these levels will be a major challenge.

Agricultural land and production are a major source of income for the rural population. However, analysis of the structure of profitability of households reveals that dependence on income linked with agricultural activity has decreased, while remittances from migrant labourers has steadily risen, and is becoming the key factor in the formation of a households' budget. Moreover, income from non-agricultural activities have began to emerge, as yet do not affect the change in the structure of the population's income. An important factor in relation to reforms could be in generating these alternative sources of non-agricultural incomes in rural areas, and in the natural outflow of the population from rural areas. The adherence to social priorities and new approach for rural development and poverty reduction, based on division of social functions of cotton growing from commercial ones, will become the cornerstone of a comprehensive transformation of rural areas.

- review of functions and working methods or agricultural management bodies;
- elaborate a system for evaluation of operation of agricultural management bodies in market conditions;
- establish a system of retraining of managerial staff of agricultural management bodies.

As we have seen, the agricultural sector is not at the centre in the main strategic documents of Tajikistan, although the "Concept of agricultural

policy of the Republic of Tajikistan" confirms the importance of profitability of farms as a key point for agriculture in a market system. However, this document itself does not reflect the significance of the market in coordinating economic activities and the development of rural farms.

2.1.4 Priorities of institutional capacity development

The main sources of economic growth are innovations. The formation of new kinds of economic growth occurs under the active role of the institutional environment. Changes in institutions are stipulated by advancement of the technological base of the economy, leading to changes in economic activity, behaviour, and motivation of economic agents. One of the most important institutional factors is human capital. Within the framework of measures for agricultural reform in Tajikistan, cooperation plays a key role in connecting the personal, collective and public interests. Therefore, attention to cooperation in the agricultural sector has been strengthened during recent years as a way of avoiding crisis. Such an assumption is defined by several factors:

- this approach unifies efforts, focusing on labour, material, financial and other resources for their rational use;
- cooperation enables a better adaptation to the market and a flexible response to changing demand;
- there is a more effective use of local conditions;
- under the framework of cooperation, the business capabilities of rural producers can be developed; and
- cooperation ensures economic and social security for rural employees.

2.1.5. Partnership in the real sector of the economy

Following the shift from a command economy to a market economy, a new institutional economic structure is developing, with significant changes

being made in the economic relations between the state and the private sector. This is particularly important in the key areas of: the change in the proportion of the national income in the private sector; and the elimination of barriers and obstacles to business, on which depends the potential economic growth and success of market reforms. The key point for public-private partnerships is the potential expansion of free capital movement, and its penetration to those industries which were inaccessible in the past. Economic partnership between the state and business is an institutional and organizational alliance between the state and private companies, banks, financial organizations and other institutions with a view to implementing socially important projects.

The economic partnership of the state and business attracts foreign capital to the public sector, alleviates budget constraints, transfers risk to business sector, and at the same time preserves the objects under state property. The pooling of resources and capacities of two economic entities occurs in such a system: the state in the form of its ownership, and business in terms of private entrepreneurial economic principles, investments, management, and innovations. The most active current partnerships of state and business are established in the energy and agricultural sectors, together with infrastructural production industries.

Progress on public-private partnerships is defined by several factors: the privatization of state assets in one form or another is a key element of the concept of liberalization of the economy (the policy initiated in the early-1990's); the government does not possess financial resources in sufficient amounts to upgrade, maintain and/or widen its property; the private sector has – to a greater extent than the state – mobility, capacity for innovation, and potential for introduction of technical and technological changes. The government, in turn, can ease the conditions of project implementation by providing land under licenses, as well as financial

and economic levers, such as subsidies, guarantees and other forms of support. At present, successful economic growth in Tajikistan under the NDS depends on the attraction of investments into the real sector, as only this consolidates the main components of the GDP. Global practice has a time-tested experience of social partnership between employers, government and trade unions, which can be known as 'tripartism'. The principles of social partnership are the regulation of social-labour relations through the setting of normal partnership relations between employees and employers, under the mediation of the state.

The origins of the establishment of a social partnership system in Tajikistan go back to 1993, when on behalf of employers, the National Association of Small and Medium Business, the Federation of Trade Unions of Tajikistan, and the Government of the Republic of Tajikistan signed a *Tripartite General Agreement on social partnership for 1993-1996*.

On the 10 February 2011, in Dushanbe, the International Labour Organisation (ILO) and its tripartite partners – government, employers and trade unions – signed a Memorandum of Understanding (MOU) on the 'Programme of Decent Labour in the Republic of Tajikistan for 2011-2013'.

The new programme is designed to address a range of socio-economic problems facing Tajikistan. Priority programmes include: to enhance the capacity of tripartite partners for regulating priority issues in the labour sphere, through social dialogue and improvement of labour conditions and employment, as well as broadening of social protection.

The process of strengthening the partnerships of the state and business creates challenges. One such challenge is corruption, which is becoming a more topical issues both nationally and internationally. This is clear through the number of conventions to fight corruption adopted by UN, EU, OSCE, and other international organizations.

CHAPTER 2.2. THE SOCIAL SECTOR AND HUMAN DEVELOPMENT.

Social stability is the foundation of state development, an indicator of its ability to develop and implement competent social policies that provide conditions for development of individuals and society as a whole. In connection with this, issues of managing the quality of life and social development are gaining increasing importance.

The effectiveness of development depends on institutional capacity, decision-making and governance arrangements in the social sphere, their actual integration and the adequacy of the general concept of governance, particularly in the context of human development. In Tajikistan, reforms are ongoing in most sectors of the social sphere, creating a basis for achieving the national goals of the Millennium Declaration (see Annex 2.2.1).

2.2.1 Economic growth and social development

From the very beginning of the reforms in the 1990s, a strong relationship between economic and social processes has been observed in the country. The enabling economic dynamics have direct consequences for social development:

- A decline in inflation creates conditions for real personal income growth. As a whole, the Consumer Price Index (CPI) is falling – from 36.5 percent in 2001 to 6.5 percent in 2010 – thereby creating conditions for the growth of real wages. In comparison with 2001, real wages have increased by approximately three times in 2006, to five times in 2010.
- 1 percent of economic growth reduces poverty by approximately 0.63 percent.
- Economic growth is accompanied by increased opportunities for budget financing of the social sectors of the economy

Economic growth alone cannot solve the accumulated social problems: expansion of employment opportunities, provision of social services, and development of public participation in the process of decision-making and monitoring of their implementation are also critical.

There is a range of issues in the social sphere of Tajikistan, the most important of which are:

- Low salaries of public sector employees, which reduces the skills of those involved in human development.
- High depreciation of fixed assets and infrastructure in the social sector due to under-investment for renewal of funds.

Effective assessment of the institutional capacity in the social sector of the economy are conditional on the following factors:

- capacity is considered adequate if the institutional resources suffice to meet the established scope of work. It is therefore important to analyze not only the staffing of the sector, logistical support and financing, but also to assess the validity of the existing workload in terms of achieving the common goals of economic development;
- arduous measurability of the quality of social services. Analyzing the size of the workforce is insufficient; the quality of work performed also must be assessed;
- the need to assess the capacity – not only of social institutions, but also – of organizations that directly impact on the effectiveness of activities, such as financial and environmental control authorities.

It is difficult to fully implement such an assessment in Tajikistan due to lack of data and skills to carry out systematic functional analysis, underdeveloped practices of results analysis, and scenario paths of development.

- Uneven socio-economic development of regions, which is reflected in local budgetary opportunities for funding of the social sector, and continued dependence of budgets of most districts on subventions.

With a low-budget deficit (1 percent of GDP, while the threshold is 3 percent of GDP) and relatively safe external debt (34.3 percent of GDP, with a threshold level of 40 percent by the end of 2010), the relative 'stability' is achieved by less (than adequate) financing costs, including branches of the social sector. As a result, a considerably lower quality of social services is provided.

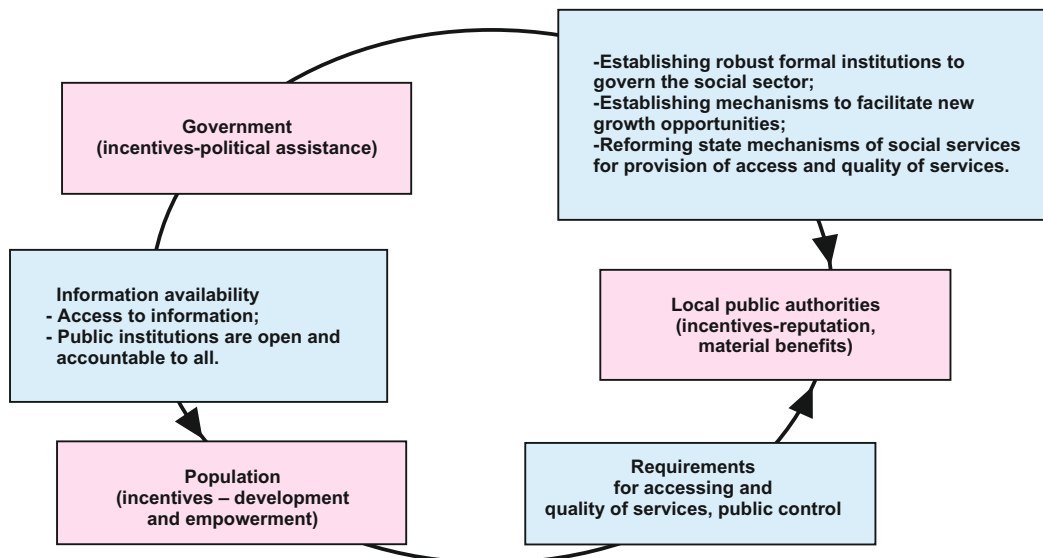
The state budget is not adequate for the scale of unresolved issues facing the country, including issues in the social sector. With the current structure of budget revenues (a high share of

indirect tax revenue: nearly 60 percent⁷ of total tax revenue), it will be difficult for the Tajikistan to provide adequate funding for education and health, and science, as well as for future civil servants. Without such levels of funding, it is impossible in principle to attract specialists with the required level of professional competency.

Growth of cost opportunities should be linked to a greater extent to the effectiveness of the activities of business entities. The solution to current problems is not only the need for increased funding, but also systemic changes which involve interrelated institutional changes in the industries, sectors and regions of the country, which suggests greater coherence of actions at all levels of governance. At the same time, institutional changes, including in the social sector of the economy, are based on assessment of institutional capacity.

ILLUSTRATION 5.

Interaction between institutions for acceleration of development and improvement in the quality of social services⁸



⁷ Source: Tajikistan: *20th anniversary of independence: Statistical Bulletin*, Dushanbe, 2011, p. 784

⁸ Source: based on the conceptual ideas of Das Gupta, Grandvoinet and Romani

During the initial period of economic reform in the country, institutional factors of development have been underestimated. The social aspect of transformation affects the dynamics and impact of economic reform, therefore, emphasis on institutional analysis is important. In this case, real progress is related to economic development, in which the foundations for quality economic growth are created in the social sectors, particularly in education, science and healthcare. The state as a social institution can facilitate interaction between government and people to accelerate development and improve the quality of social services.

Demographic coordinates.

The economic growth and development of social sectors in Tajikistan must be assessed in the light of demographic factors. During the Soviet period, significant growth in the population and life expectancy had been achieved in Tajikistan, while there

was also improvement in parameters of the health and education systems, and in the quality of life. However, in the post-Soviet period of development, demographic trends have changed the impact on human development. Thus, although the population continues to grow, its growth rate declined compared to previous years. As a result, the demographic structure of the population is changing. There has been reduction in the number of children under-five years of age in Tajikistan for example: in 1989, this group accounted for 17.7 percent of the population, but in 2010, only 14.9 percent. As a result, the proportion of the working-age population is increasing and the demographic pressure is reduced accordingly.

At present, relatively high demographic pressure remains in rural areas because of the maintenance of relatively high rates of fertility, which also indicate the seriousness of the problems of employment and income in rural areas.

TABLE 2.2.1.
Demographic pressure indicators in urban and rural areas of the country⁹
(per 100 people of working-age).

	2000	2005	2010
Urban Population			
Children of ages 0-15 (persons)	68.5	56.8	51.9
People of pensionable age (persons)	11.8	9.1	8.4
Dependency ratio [†]	80.3	66.0	64.1
Rural Population			
Children of ages 0-15 (persons)	85.1	67.3	59.7
People of pensionable age (persons)	12.2	9.3	8.4
Dependency ratio [†]	97.3	76.6	68.1

[†] The dependency ratio is the ratio of the non-working age population (children under 15 years of age and people of pensionable age) to the working-age population (ages 15-63 taking into account the gender factor).

⁹ Source: Estimated based on the *Demographic Yearbook of the Republic of Tajikistan*. Dushanbe, 2010.- pp.30-58

DIAGRAM 2.2.1.
Forecast estimates on population changes by age group.

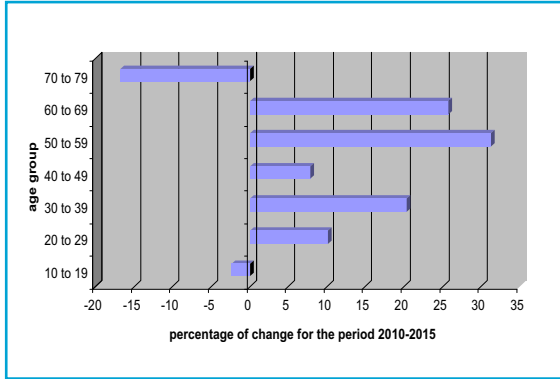
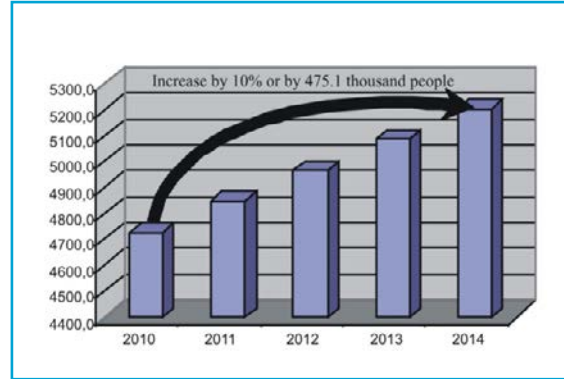


DIAGRAM 2.2.2.
Number of working-age population.

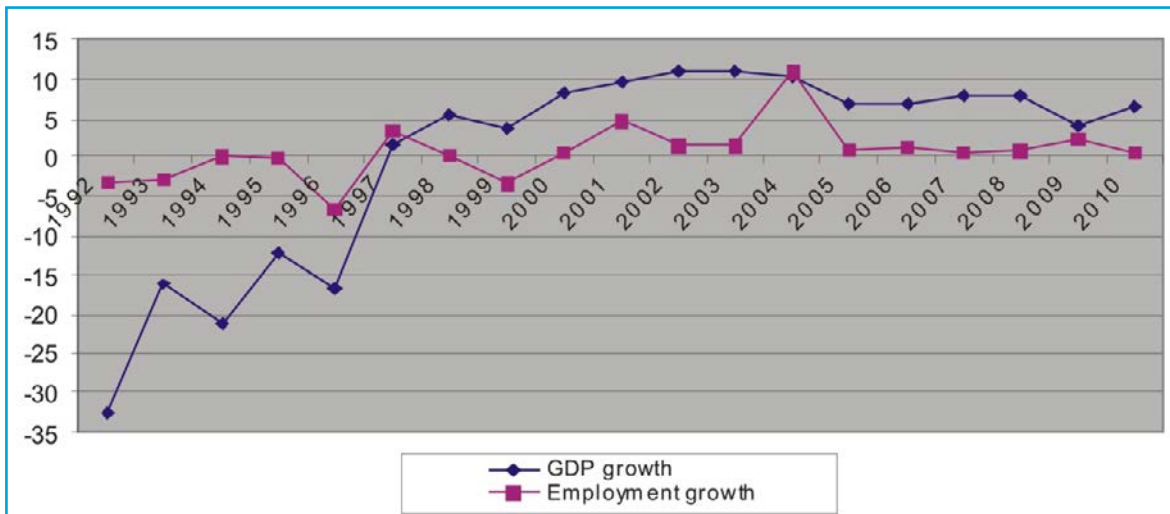


The working-age population has markedly increased quantitatively, and more importantly, its structure has deteriorated in quality. According to the 2009 Labour Force Survey (LFS 2009) only 29.5 percent of the economically active population have qualifications. However, at the same time a slight decrease in the demographic pressure as a whole is formed by the 'window of opportunity' to build up human capital.

According to the authors forecasts, the population aged between 30-39 and 50-70 years will increase to the greatest degree in 2015, compared to 2010, which indicates the emergence of ageing processes.

Decreases in demographic pressure and increases in the number of working-age population can serve as a driving force of economic dynamics, but only if

DIAGRAM 2.2.3.
Dynamics of GDP and employment in Tajikistan¹⁰



¹⁰Source: estimated based on: *Tajikistan: 20th anniversary of independence: Statistical bulletin*. Dushanbe, 2011, pp. 150-151, 358-359

it is provided with a relatively high qualification employment potential. The focus of transformation should be on creation of an enabling environment for mobilization and economic impact of all able-bodied people. At the same, demographic forecasting should act as a basic element of the scenario options for development of the economy, industries and regions (see Annex 2.2.2).

The labour market and employment policy.

The main feature of changes in the labour market following independence has been lower employment elasticity with respect to production volumes. High unemployment has come later: for the period from 1991 to 1996, GDP fell by more 67.5 percent, while employment fell by 12.2 percent. The next period of development shows that the dynamics of employment was largely 'autonomous' from the dynamics of GDP.

During 1991-2000, industry was the leader in terms of reducing the number of employees, which was a response to industrial recession. The economic recovery during 2000-2010 did not increase in employment in industry, but led to reduction in the rate and scale of the outflow of labour from the industry.

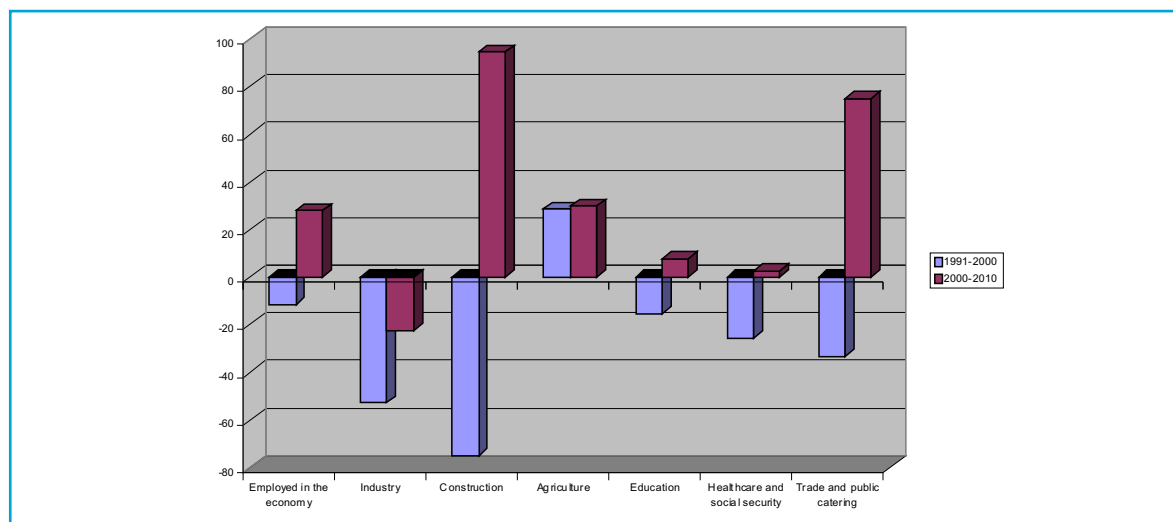
Institutional structure of the labour market.

The maintenance of employment, restraint in unemployment, and expanding labour force retraining and social security suggest the establishment of social partnership (see Annex 2.2.3).

The MLSP is the central body of executive authority and which is implementing a unified state policy and legal regulation of labour, employment, adult education and migration. According to the Law

DIAGRAM 2.2.4.

Cross-sectoral redistribution of employment (% of changes).



De-industrialization is a significant process that also affected the labour market, with the share of those employed in industry declining.

"On Employment Promotion", in order to regulate and promote employment and to meet the needs of citizens at work, state, territorial and sectoral

¹¹ Source: estimated based on *Tajikistan: 20th anniversary of independence: Stat. bulletin*. Dushanbe, 2011, pp. 152-153

programmes on employment promotion are being developed (see Annex 2.2.4).

Tajikistan's legislation governing labour relations is mainly in line with international labour standards, and is oriented towards protecting employees. However, there are deficiencies, including:

- a lack of clearly defined requirements for the content of labour contracts;
- the nature of labour relations in the private sector for those who are self-employed is not fully taken into account.

However, at the institutional level, the problem of employment policy is expressed in the weakness of demand forecasting and supply of labour, and a lack of clarity in the reconciliation of the policy and budget planning processes. In addition, inter-institutional efforts should be coordinated. Economic growth must be accompanied by a more dynamic creation of worthwhile jobs. This involves the development of production entrepreneurship and the private sector as the main driving forces for the creation of new jobs.

The level of wages is of critical importance, including the minimum wage, as this determines the incidence of poverty (see Annex 2.2.5). The relatively low level of wages is one of the factors and consequence of low productivity of labour.

In order to address the problems of economic incentives, it is necessary to decrease wage differentiation (see Annex 2.2.6). Currently, the major task in Tajikistan is to increase the development of productive forces, and to increase economic growth in order to meet the challenges of inflation, unemployment and low incomes.

Qualitative improvements in the development of the country depend on sound domestic economic policy and its effective implementation.

Insertion 14.

Gender aspects of employment

The government has taken measures to ensure equality between women and men in employment.

In particular, the legal right to work is enshrined in Article 35 of the Constitution of the Republic of Tajikistan, which provides: "Everyone has the right to work, choice of profession, job, labour protection and social protection against unemployment. Salaries should not be less than the minimum wage. Any restrictions on the employment relationship are prohibited. Equal payment is paid for equal work. No one shall be subjected to forced labour except in cases specified by law".

Along with programmes on employment promotion, which suggest measures to promote the employment of women, and eliminate gender disparity in the labour market, the state programme on "Basic directions of state policy to ensure equal rights and opportunities for men and women in the Republic of Tajikistan for 2001-2010" has also been implemented. The latter programme, for example, aims to expand economic opportunities and provide equal access for men and women to own property including land. Additional activities implemented are aimed at:

- increasing women's awareness on their economic rights;
- facilitating access to credit, and developing micro-crediting for women;
- developing a local information and intermediary network for marketing of agricultural products and home-based production of women's labour; and
- conducting research and regular monitoring of gender inequality.

As part of the National Strategy for enhancing the role of women in the Republic of Tajikistan for 2011-2020, continuity of actions is maintained, aimed at creating conditions for economic empowerment of women and their equal participation in the economic sphere of society, and increasing the competitiveness of women in the labour market.

TABLE 2.2.2.
Conditions for ensuring the quality of growth in Tajikistan.

Objective	Generators of growth	Prerequisites and conditions for stability
Ensuring quality of economic growth	1) External and domestic demand-oriented long-term growth: <ul style="list-style-type: none"> • macroeconomic stability (low inflation, low budget deficit, low external debt); • creation and development of competitive export -and import - intensive industries; • achieving and maintaining competitive advantages of the country (quantity, quality and relatively low labour costs) and labour productivity growth based on expansion of production. 	<ul style="list-style-type: none"> • appropriate level and quality of investment: maintaining a steadily increasing volume of public investment in infrastructure and human capital; • encouraging foreign direct investment; • actively introducing and promoting innovation; • increasing the role of the private sector in the manufacturing sector of the economy; • improving the quality and competitiveness of industrial products; • strengthening the banking sector.
	2) Social forces of development: <ul style="list-style-type: none"> • building and strengthening the middle class of society; • improving the quality of social services. 	<ul style="list-style-type: none"> • overcoming poverty, and better targeting of social protection; • promoting effective employment and entrepreneurship; • modernizing the tax system to promote legalization of informal employment and income; • increasing funding for education, health and science.
	3) Institutional sustainability: <ul style="list-style-type: none"> • competence and transparency of public administration; • continuity of interaction between the levels of public administration; • development of local self - governance and civil society. 	<ul style="list-style-type: none"> • ensuring transparency in the system of recruitment and promotion; • strengthening the analytical component in the functional activity of governing bodies; • promoting development of institutions that protect private property; • developing programmes and strategies in conjunction with financial flows.

2.2.2. The system of social services: the role of formal and informal institutions

Formation and development of the social protection system.

The social protection system in Tajikistan was formed during the Soviet period and therefore has similarities with systems of social protection of other CIS countries. During the period of independence, a national regulatory and legal framework was established for social protection and the social security system (see Annex 2.2.7).

The system is based upon pensions, social assistance and social services.

Pension system.

The history of the pension system in Tajikistan, from institutional position, is characterized by two phases:

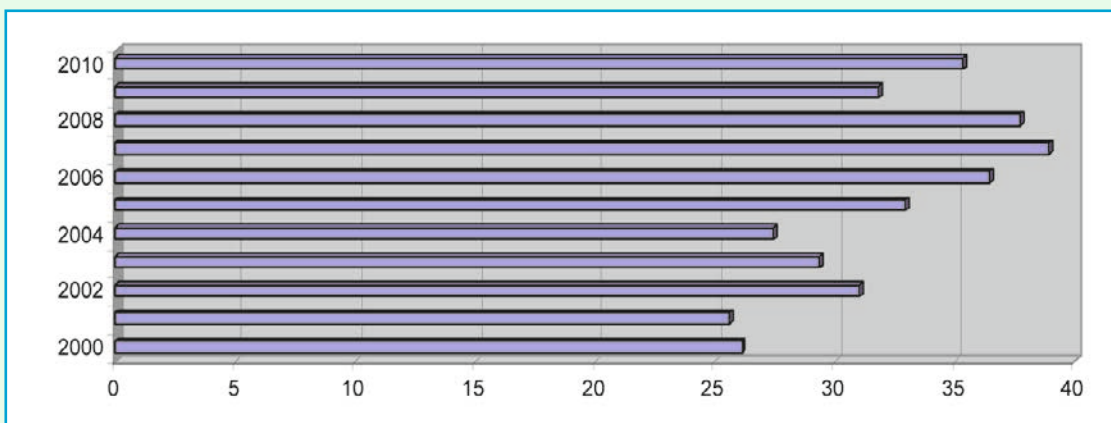
- the Soviet era: formation and development of the institute of public social security; and
- the post-Soviet era: the formation and development of transitional forms to insurance institutions.

Insertion 15.

The situation with pensioners compared to other social groups

Pensioners have low incomes and are the least protected segment of the population. Although the replacement ratio (the ratio of average pension to average wage) is increasing, the growth is unstable and has not improved the material situation of pensioners (in terms of income). At the same time, the ratio of pensions/wages has not yet reached the minimum level: 40 percent, according to international standards.

DIAGRAM 2.2.10.
Dynamics of the replacement ratio in Tajikistan (%)¹²



The Living Standards Survey of 2007 revealed that the extreme poverty level is over 7.6 percent in households with two or more elderly members.

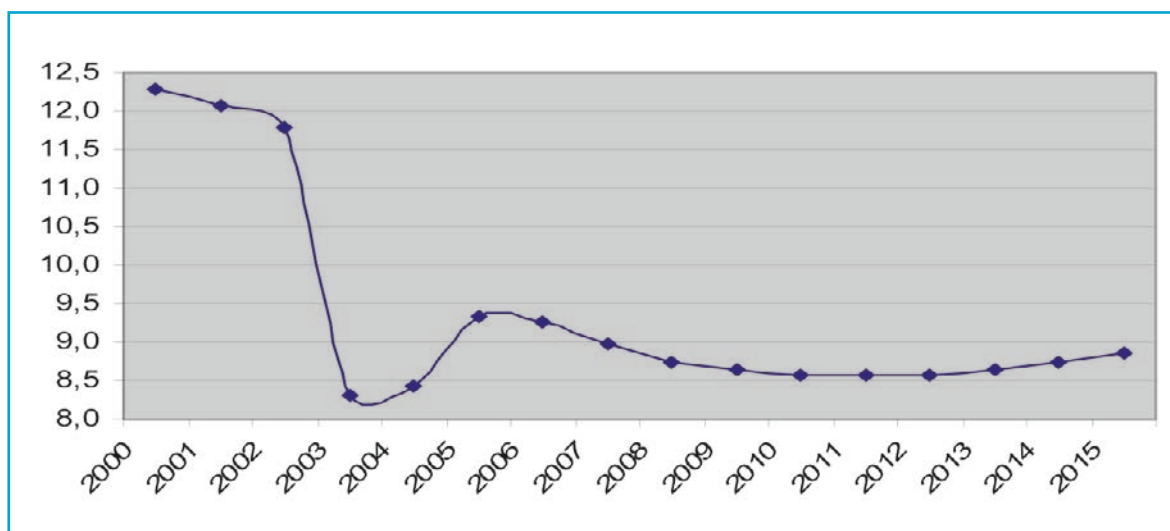
The low levels of income forces pensioners to seek other sources of income in order to survive. In particular, pensioners prefer to stay at work, are engaged in growing food on home plots, or have to rely on additional support from remittances of family members.

¹²Source: *Tajikistan: 20th anniversary of independence: Stat. bulletin*. Dushanbe, 2011, p. 285

Demographic projections indicate that the proportion of older people, although still small in volume, is increasing.

The main challenge of pension reform for Tajikistan is the ability to change the pattern of relations between government, employers and employees.

DIAGRAM 2.2.11.
Elderly demographic pressure ratio (number of above working-age per 1,000 of the working-age population)¹³



An increasing life expectancy in the country will have two possible consequences:

- the ageing process accelerates;
- pressure on the pension system increases.

In these circumstances, it is important to consider the following factors:

The pension system is reliant on contributions or tax deductions from wages, therefore the opportunities for increasing pensions are limited due to the level of wages in the formal sector of the economy.

Accordingly, legalization of the informal sector of the economy becomes significant.

- There is a high level of wage differentiation;
- The pension system works most efficiently in a stable macroeconomic environment, especially when it is possible to control inflation.

However, development of the pension system is inextricably linked with corresponding changes in the labour and financial markets, therefore, parallel reform of these areas of the economy will improve the situation regarding pensions.

Currently, a new unified pension system is being formed in Tajikistan, comprising: (i) Insurance pensions; and (ii) public pensions (see Annex 2.2.8).

Problems with application of the savings component in the pension system of the country may be related to:

- predominantly low wages and therefore, potentially small deductions for payment of pensions (divided into two parts: current benefits;

¹³Source: Estimated based on Demographic Yearbook of the Republic of Tajikistan. Dushanbe, 2010.- pp.30-58

and savings for the future); and

- underdevelopment and a lack of a functional institutional framework for insurance pension funds, together with the as yet non-elaborated mechanism of pension reform itself.

Social assistance.

Currently, a package of programmes on social assistance is being implemented. The largest programme is intended to provide compensation payments for electricity and gas consumption, and another major programme is aimed at needy families, whose children attend school. The institutional challenge for implementation of these two social assistance programmes is to enhance interdepartmental unity in terms of actions and responsibilities.

The Ministry of Finance of the Republic of Tajikistan provides financial resources to the district structures for implementation of the two programmes above, however: firstly, there is no single roster of recipients, thereby reducing the targeting of aid and creating a motive for the redirection of these funds for other purposes; and secondly, districts are not accountable to the Ministry for expenditures on the programmes.

The World Bank has suggested steps to reform the social assistance system:

- consolidation of all assistance programmes into a single programme;
- adoption of a clear mechanism for those in need of assistance; and
- improvement of administration and management of assistance by establishing an enhanced information management system, including electronic registers.

Source: World Bank Report: *The Republic of Tajikistan: Delivering Social Assistance to the Poorest Households, 2010.*

Social services.

Social work targeting different population groups is carried out by various services. Social services are provided at in-patient facilities, day care centres, and directly at home. One of the main groups for whom social services are provided are people with disabilities.

Preferential opportunities are provided for people with disabilities to study in educational institutions providing secondary vocational and higher vocational education, and in order to ensure employment, job quotas are set for people with disabilities, however, the problem of employment and rehabilitation of people with disabilities remains acute. The most common means of providing employment for people with disabilities are the

Under the Ministry of Labour and Social Protection, by 2011 there were eight homes for the elderly and people with disabilities, with a total 1,555 places, of which 1,355 are designed for the elderly and adults with disabilities, and another 200 for children with disabilities.

Since 2007, an alternative form of social services has emerged: day care centres providing different types of social services at centres located close to patients places of residence, thereby avoiding separation from their families.

The problem with the lack of staff to serve residents is largely resolved by allocating additional staff units to existing hospitals. However, the low wages of mid-level staff and service personnel, and difficult, physical nature of the work result in a fast turnover of staff. The situation is exacerbated by a lack of professionally trained staff to work in the social protection and rehabilitation system.

specialized enterprises of public associations aimed at people with disabilities, but these enterprises are facing difficulties resulting from cuts in public purchases of their products.

The capacity of the Society for the Blind, the Society for the Deaf, and the Society for the Persons with Disabilities is significant in terms of integration of those persons with disabilities into public life. However, despite promoting new approaches to work for people with disabilities, the financial vulnerability, and dependence on grant support (to a large degree from international organizations) of such societies means that there are difficulties in conducting systematic, ongoing work and providing enough opportunities.

Insertion 16.

The project of the EU and MLSP in the area of social protection.

With a view to developing and improving social service delivery system in the country, a project entitled 'Technical Assistance to Sector Policy Support Programme in the Social Protection Sector – Service Delivery Component, Tajikistan' is being implemented. The project was developed in cooperation between the MLSP and the EU and launched on 9 December 2009. It is being implemented over a period of three years by a consortium led by the consulting firm, Oxford Policy Management. The project budget is 2.5 million Euros.

The project supports the MLSP in the use of modern methods of planning, management and delivery of high quality social services to a wide range of vulnerable groups, including: children in difficult situations, people with disabilities, living alone or elderly, and other people who require care and support. The main objectives of the project are:

- developing a concept for social services development in Tajikistan, which will provide the basis for a common vision for a social services development policy, and will become a starting point for further actions to improve access to social services for vulnerable populations;
- supporting the MLSP in the development of standards, methodologies and practices for social care, for people with disabilities and other vulnerable categories of the population in residential institutions and day care centres, and in the provision of home care;
- assisting the MLSP in the development of mechanisms of governance, coordination and monitoring for delivery of social services.

An example of project achievement is the introduction of a new approach for training people with physical and mental disabilities. The essence of the approach is to train people using community resources (in the mahalla), provide a system of support in the community, and ensure their integration into society.

The project is working on piloting new types of social services in 12 pilot institutions, as well as establishing an educational centre for social work and innovation at the NRC for children and adolescents ('Chorbogh'). The centre will be responsible for:

- testing, implementation and dissemination of advanced methods and techniques of social work and rehabilitation;
 - improving professional competence of MLSP social workers;
 - providing quality social services and rehabilitation to children with disabilities, orphans, children deprived of parental care and children from poor families at the day care centre of the NRC 'Chorbogh';
- developing an optimal model for providing quality social services at the community level.

Financing social protection.

The sources for financing social protection are mainly budgetary funds (central and local budgets, and the budget of the State Agency on Social Insurance and Pensions). The funds of the State Investment Programme make up a proportion. Financing policy in this sector involves two processes:

- a shift to programme funding, aimed at increasing the efficiency of management of the state social insurance cash assets;
- creation of the economic conditions for transition to the principles of pension insurance.

Implementation of this policy is intended to strengthen the institutional capacity of the Agency on Social Insurance and Pensions of the Republic of Tajikistan. At the same time, a key issue is related to the possibilities of real forecasting for required resources, and the evaluation of efficiency and effectiveness of funds utilized.

Management of the education system - conceptual issues of reform.

The education system of Tajikistan inherited a strong resource base from the framework created in the Soviet era. During this period, a high level of education of the population was achieved and considerable intellectual potential was developed. This, in turn, determined the socio-economic and scientific-technical development of the national economy, taking into account participation in the intra-Soviet division of labour.

Since independence, Tajikistan has started to develop its educational model. Education is one of the key national priorities of the NDS for the period to 2015. Continuity of the state policy in this area is confirmed in the medium-term programmes of poverty reduction and state investment programmes, and in the annual messages of the President of Tajikistan.

The focus of reform for the educational system of Tajikistan is related to the provision of equal access

to education at all levels, and in the creation of conditions for the assurance of quality education, in accordance with current requirements (see Annex 2.2.9).

To assess changes in the post-socialist countries of Europe and Central Asia, many studies have been conducted, including the Social Exclusion Survey conducted by UNDP in 2009-2010.

The Survey found that despite the diversity of the region, the depth of social exclusion is similar in all six surveyed countries (Kazakhstan, Macedonia, Moldova, Serbia, Tajikistan and Ukraine). The analysis also showed that residents of all countries apply similar strategies to overcome exclusion.

The report on the Survey concludes that, at present, politicians do not fully use their potential to promote social inclusion. Social protection systems – historically focused on the categories of citizens (and not on their needs), in conjunction with the definition of rights on paper and arbitrariness of direct executors in their implementation, as well as prejudice, discrimination and formal approaches – substantially impair the purposefulness of allowances, which do not always reach those who need them most.

As a short- and medium-term approach, it is suggested to focus on the provision of universal child benefits, quality of social services, and social pensions, corresponding to real conditions. Much can be achieved within the available budgetary resources, if resource allocation is based upon clear and precise guidelines, focusing on real needs and effective monitoring of the impact of the system.

Source: *Beyond transition towards inclusive societies: Regional Human Development Report. Bratislava, 2011.*

The Vertical Functional Review of the Ministry of Education of Tajikistan highlighted the following discrepancies:

- disassociated departments involve in collecting and analyzing statistical reports;
- the policy development function is insufficient compared to the control functions;
- the duplication of functions between departments of the Ministry;
- a problem in staff retaining and recruiting: almost all administrative units have vacancies.

Source: *The Republic of Tajikistan: Vertical Functional Review of the Ministry of Education, May 2010.*

The institutional dynamics of educational establishments are characterized by the following trends:

- *on pre-school education* – a decreasing number of pre-school institutions. During the period from 1991 to 2010, the number of pre-school institutions decreased by 48.3 percent. The pre-school education system was relatively well-organized until the 1990s, but then collapsed, thereby limiting women's participation in social and economic life, and leading to unequal starting conditions for admission of children to school. In 2010, only 488 pre-school educational institutions were functioning in the country, attended by 62,500 children (or only 5.8 percent of children of pre-school age). Coverage of children by these institutions decreased to a greater extent in urban areas. This trend is explained by the following:
 - a deterioration of buildings and facilities, and staffing in the pre-school education system (excluding the departmental agencies), the latter due to insufficient funding and low salaries;
 - an increase of parental fees for maintaining children in kindergartens for certain categories of families.
- *on secondary general education* – an increasing number of secondary schools. During the period from 1991 to 2010, the number of schools increased by 16 percent, with an increase in enrollment of 27.9 percent. However, the process was accompanied by a decrease in the number of

teachers by 5.4 percent. An increase in the number of secondary schools has not yet solved the problem of a lack of well-appointed schools, particularly in rural areas. The quality of education remains a problem, which is largely due to:

- the low salaries of teachers, which leads to a degrading of the qualifications of employees, a lack of teachers, and the outflow of highly skilled professionals;
- the continuing limits on power supply, which lowers access to modern training technologies, mainly in rural areas.

- *on primary vocational education* – a decreasing number of institutions. Compared to the early 1990s, the number of vocational training institutions decreased by 15 units, and the number of students by 45.9 percent. At the same time, the conceptual problem of the functioning of institutions is related to non-compliance of trained professions with labour market requirements. As a result, the imbalance in the market for specialists is exacerbated (a lack of mid-level specialists).

- *on secondary vocational education* – a insignificant increase in the number of secondary vocational education and training institutions (largely at the expense of branches opening in the regions). However, these dynamics are not entirely consistent with addressing issues in the labour market, and in the development of the economy in the regions, and in the country as a whole.

Disparities in secondary vocational education are associated with an increase in the number of graduates for the service sector and non-productive sectors, while demand for technical, construction and agricultural occupations is not met.

- *on higher professional education* – the system of higher education has undergone significant changes, including the introduction of new state standards of higher education, and an increasing number of students studying with non-budgetary funds provided by the state. The gradual transition to a credit system of education is being supported through participation in the 'Bologna process', which requires national education to combine global trends with the peculiarities of development status

and prospects of the country.

At the same time, a private demand-oriented 'second' economy is established, related to:

- preparation for admission through paid courses and (or) tutors;

- contract form of education beyond the control figures of budget admission; and
- providing opportunities for acquiring further professional education.

Insertion 17.

Problems of the education system in the context of sustainable development.

1) Quantitative ratio of secondary school graduates and enrollment of students in vocational education and training institutions

Trend - percentage of coverage of 9th and 11th grades graduates by vocational training institutions is low.

Possible consequences - an insufficiently educated generation with limited skills, and the impossibility of increasing competitiveness of the country.

Task - to raise the coverage and quality of education, achieve practicality and applicability of education for employment in the labour market, and the importance of replacing the 'school of knowledge' with the 'school of competencies'.

2) Ratio of admission to higher education establishments:

Trend - growth in admission to higher education is accompanied by a significant reduction in the number of students in primary vocational training institutions.

Possible consequences - the loss of the working class, growth of unemployment, and reduced effectiveness of employment.

Task - to search for the optimal structure of vocational education. This ratio should be determined by: the structure of jobs in the employment system; and the demand for jobs requiring an appropriate level of vocational education

3) Educational capacity of teachers:

- *general educational establishment:*

Trend - only 70 percent of teachers have higher or incomplete higher education, and there is a steady trend of ageing personnel (mainly –women).

Possible consequences - impossibility of innovation breakthrough as a consequence of low quality of education (violation of intergenerational ties, low motivation of young professionals in employment in the education system is combined with low quality of training, and underdeveloped in the system of continuity of experience and development of new school techniques).

- *professional education establishments:*

Trend - only 27.6 percent of teachers have academic degrees, and there is low practical significance of scientific research and methodological activities of professional/teaching staff.

Possible consequences - retardation of educational materials, limited use of new modern teaching methods, and isolation of theory and practice.

Task - substantial increase in wages in the sector and provision of housing for young teachers, provision of other packages of services, and promotion of scientific and research activities.

Diagram 2.2.12. Percentage of coverage of school graduates by professional educational establishments.

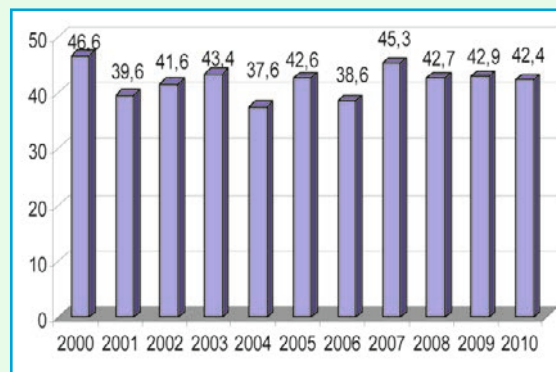


TABLE 2.2.3. Structure of admission to the professional education establishments (%)

Professional education establishments	2000 y.	2010 y.
Primary vocational training institutions	40,0	25,0
Secondary vocational training institutions	21,5	23,3
Higher education establishments	38,5	51,7
TOTAL	100,0	100,0

Insertion 18.**Actions towards gender balance in the education system.**

In Tajikistan, a number of activities are being implemented to attract girls to school and create a system of incentives for professional development:

- a Law "On state guarantees of gender equality and equal opportunities in their implementation" was adopted and implemented in 2005;
- programme actions have been implemented within the framework of the National Strategy for Enhancing the Role of Women in the Republic of Tajikistan for 2011-2020;
- special courses on gender issues have been introduced into universities;
- the 'Presidential quota' for involving girls from remote areas in the higher education system is being applied (annually since 1997);
- the Ministry of Education, in collaboration with UNICEF, conducted a gender analysis of textbooks and made recommendations for preparation of gender sensitive training materials (in 2008); civil society organizations – with the support of international organizations – have conducted educational and information seminars and training to improve gender education and overcome negative gender stereotypes.

Institutional gap remain in the education system, and completing secondary education and receipt of the corresponding certificate is not perceived as a sufficient condition for enrollment in primary, secondary and higher education establishments. In this context, non-systemic education in the form of tutoring (mostly for admission to higher education institutions) has emerged and is gaining momentum, thereby compensating for the deficiencies of secondary school level education, and preparing applicants for entry to higher levels of professional education. In such cases, informal payments and social relations are used. To overcome this institutional gap there is also the emergence and development of preparatory courses for entering high schools, which is an attempt to formalize the institute of tutoring.

There is a developing policy of changes to organizational and economic institutions of the education system, including supporting the creation of new general secondary schools, the emergence of specialized schools, per capita normative financing, a transition to two-stage higher education, supporting access to professional education of boys and girls from remote areas, and transferring the system of acquiring professional qualifications to market principles.

Insertion 19.**Resolving issues of per capita funding of school education.**

Per capita normative financing of education is carried out in accordance with Decree 505 of the Government of the Republic of Tajikistan issued on October 1, 2007 "On adoption of per capita normative financing rules for general educational establishments".

The introduction of education per capita normative financing in the country is implemented by establishing direct funding of local governments without subventions. The practice of per capita financing was introduced gradually and now covers all schools. However, there is also a negative experience in implementing per capita financing. In particular, the practice had a negative impact in schools with up to 100 people. Therefore, the government needs to undertake a more thorough study of this method of financing with a view to improving and linking the issue more closely with the tasks of local government and local authorities.

The quality control of educational programmes, transparency requirements for the academic and economic performance of educational institutions, and restrictions on the rights of educational institutions to conduct their own entrance tests are measures intended to improve the efficiency of resource utilization in the education system, including through provision of normal consumer choice (see Annex 2.2.10 and 2.2.11.).

Insertion 20.
International indices on educational aspects.

The World Bank, within the framework of the 'Knowledge for Development', publishes the Knowledge Economy Index (KEI), which shows the extent to which the institutional environment is conducive to introduction of new knowledge in the economy, and how it can be helpful for economic development.

At the core of calculating the Index lies the 'Knowledge Assessment Methodology' (KAM) of the Bank, which includes a set of 109 structural and qualitative indicators combined into four main groups:

1. The Economic Incentive and Institutional Regime Index.
2. The Education and Human Resources Index.
3. The Innovation System Index.
4. The Information and Communication Technology Index.

For each group of indicators, countries are rated by a score from one to ten.

Generally, for the group of former Soviet/socialist countries, higher levels of income correspond to a higher KEI. However, with reference to indicators of institutions' quality and trend of changes in the institutional environment, the conclusion is not straightforward, which is confirmed by higher coefficients of variation and lower correlation coefficient.

DIAGRAM 2.2.13.

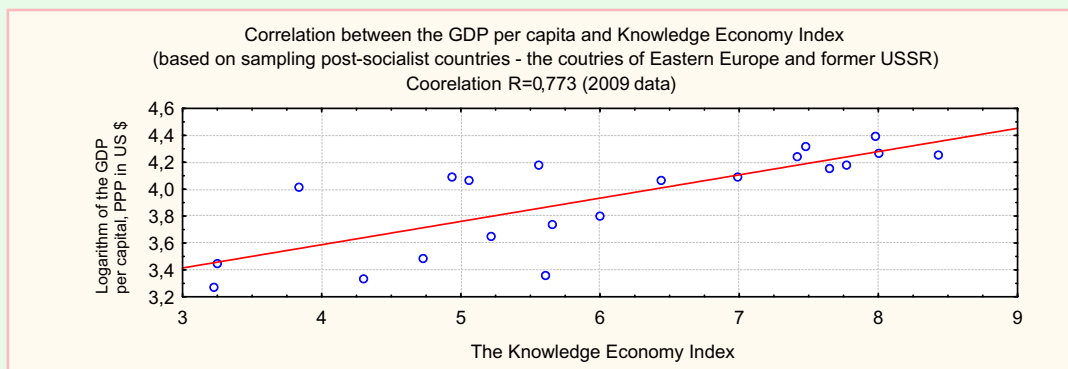
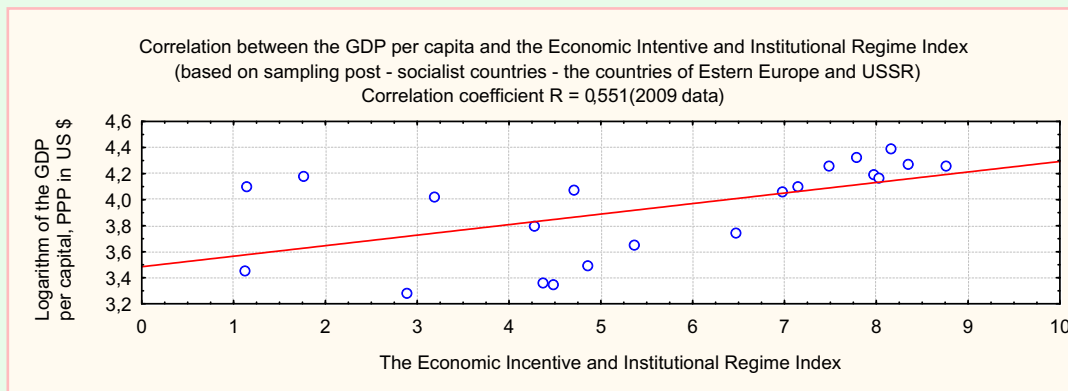
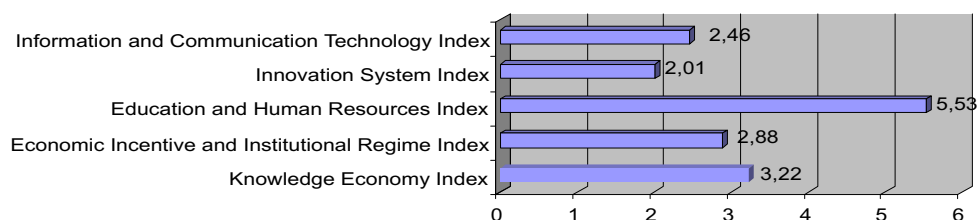


DIAGRAM 2.2.14.



Tajikistan scored only 3.22 in the KEI. Analysis of the components of the Index shows that the country has relatively higher rates in levels of achievement in education (Education and Human Resources), which largely reflect the progress made by the country in the field of education during the Soviet period (as well as inertia in this area). However, from the standpoint of long-term development, the components of the Economic Incentive and Institutional Regime index show a more acute problem.

DIAGRAM 2.2.15.
Knowledge Economy Index and its constituents for Tajikistan in 2009.



The solution lies in a package of measures: institutional reforms that go hand-in-hand with an increase in budgetary spending on education. The state of the education system and the quality of education is to a great extent determined by the opportunities for its financing. The level of public expenditure on education as a percentage of GDP has substantially increased, from 2.3 percent in 2000 to 4.8 percent in 2010. In this case, the main growth accounts for the last five years, which is due to the reforms undertaken in the education system of the country.

Most of the issues related to pre-school and general secondary education are conveyed to the jurisdiction of the local public authorities. The national level is assigned to deal mainly with issues related to the overall strategy and quality standards of education, designing and publication of textbooks, establishing the system of training, and retraining of teachers.

Issues concerning construction, capital and repair of schools, provision of equipment, maintenance, staffing with teaching personnel, ensuring quality and safety of the learning process, development of supplementary education, and the functioning of

libraries, sports facilities and clubs are solved to a large extent by local authorities.

The state has noted its intention to carry out major structural reforms in the system of professional education. However, for the time being, institutional conflict persists between the professional education system and the labour market. Both formal and informal institutions should be involved in resolving this issue.

At the same time, it is important to develop the national economy, and thus the labour market in the direction of transition to a high-quality path. This implies, among other measures, sustainability of the recruitment system, and retention on the job solely on the basis of professional merit. A more developed labour market provides appropriate incentives to young people and to the vocational education and training system.

In addition, it is important to create a more conducive environment in the country for research in general. These include systematic measures aimed at changing the system of hiring and promotion through the ranks in the higher education; systems of performance evaluation and

Insertion 21.**Example of the participation of informal institutions in addressing problems of education.**

Within the framework of the "Enhancing individual incomes and improving living standards in Khatlon and Sughd regions, Tajikistan" programme of the EU, a project entitled "Poverty Alleviation in Tajikistan through Education and Non-formal Training (PATENT)" is being implemented. The project is implemented by the Institute for International Cooperation of the German Adult Education Association (dvv international) and the Association of Scientific and Technical Intelligentsia of Tajikistan (ASTI). The PATENT project is co-financed by the EU and the Federal Ministry for Economic Cooperation and Development, Germany. The project aims to mitigate the problems of unemployment and poverty by providing access to the system of vocational education and training (VET) for the adult population, through the following:

1. Activities directly affecting the unskilled adult population: development and implementation of salable training courses (including provision of necessary equipment and training materials).
2. Activities that contribute to strengthening of the VET system in general: training courses for managers and teaching staff of 10 vocational training institutions (VTI), developing curricula on modern teaching methods and management.
3. Activities related to establishment of a system of advisory services for the population of the region: business planning and training, and vocational training for school graduates.
4. Activities that promote a positive image of the updated VET system in Tajik society.

salary review with an emphasis on publications in international journals; a system of research funding allocation; and improving the quality of postgraduate education in general, and creating favourable conditions for young researchers, in particular.

Reforms and development of the healthcare system.

The healthcare system of Tajikistan is a key sector with a regulatory and legal framework and health facilities (see Annex 2.2.12. and 2.2.13.).

There is developing policy of changes of organizational and economic institutions of the healthcare system: to support construction and maintenance of new health facilities in the regions, per capita normative financing, and developing a legal framework regulating the system of co-payment for medical services by patients (Annex 2.2.14.).

However, institutional challenges persist:

- difficulties in establishing an effective system of interactions for a single process of medical care (diagnosis, treatment, preventive measures); and
- the existing system of financing healthcare is not entirely linked to indicators of quality improvement.

Primary health care is defined as a basic, accessible and free provision to every citizen, in the form of medical care which includes: treatment for common diseases and injuries, poisonings and other uncomplicated conditions; medical prevention of various diseases; health education; and conducting other activities associated with the provision of healthcare to the population in the place of residence.

However, resource provision for primary health care does not meet overall implementation of guarantees of free and quality medical care. In addition, there is a separation of primary health care from specialized health care observed in the existing institutional environment, both administrative and financial.

Insertion 22.
Functional Review of the Ministry of Health of the Republic of Tajikistan.

During the Vertical Functional Review of the Ministry of Health of the Republic of Tajikistan a number of inconsistencies were revealed:

Management issues:

- weakness of the evaluation system for information flow and quality of data;
- ineffectiveness of the sectoral development strategy;
- inadequate linkages of strategic directions and sectoral objectives with the budget cycle and annual planning, and performance monitoring.

Systemic issues:

- an inability to invest in a specialized communication strategy for the national health system and information system of health management is a significant impediment for governing the national healthcare system;
- an inability to integrate the results of data collection and research of the Republican Center for Health Statistics and Information into strategic planning and monitoring activities of the Ministry is a significant impediment for the strategic and effective management of the national healthcare system;
- the importance of accurate and reliable national health information and its core applications for long-term planning and the budgeting process is at best not understood, and at worst ignored;
- the exchange of information between the Ministry and regional and district institutions is not properly organized as a result of an inability in applying a developed automated system.

Compliance with national standards should be mandatory, together with an automated process that provides real-time data;

- insufficient attention is paid to quality standards, implementing and auditing. Integration of information on the national health care system is not sufficiently provided at all levels.

Source: *The Republic of Tajikistan: Vertical Functional Review of the Ministry of Health*, June 2010.

One of the features of the health sector of Tajikistan is that the increase in spending on health care does not guarantee the quality and accessibility of health services. The correlation analysis revealed a relatively high correlation between the cost of medical care (per capita or as percentage of GDP) and indicators characterizing the health of the population, however this dependence is not a pronounced feature (see Annex 2.2.15.).

Resourcing of the health system to a large extent comes under the authority of local governments. Local budgets finance 71.2 percent of total health expenditure. The state budget funds specialized centres and healthcare institutions of national importance. In general, the budgetary funds allocated for the health system is insufficient to ensure the guarantee of free medical care to the population. In this regard, there are problems that trigger deterioration in the quality of health services and institutional development of the system, and which hinder improvements of efficiency in this regard.

Healthcare system reform is closely linked to two other areas. Firstly, relating to the organization and reorganization of healthcare as a sector, based on advanced medical technologies. However, the problem of introduction of advanced treatment technologies in the country remains unresolved, as does the introduction of new techniques of healthcare organization, such as compulsory and voluntary insurance. Secondly, the area of healthcare reform is related to financial aspects of its agencies. The main principle of reform here is that there should be three sources of health financing, each of which has a strict purpose:

- the state budget provides minimum social guarantees in the area of health protection, thus restructuring of the health system is necessary;
- compulsory health insurance ensures consumption of most medical services; and
- direct costs of the population (paid service) and ensuring of transparency of calculations and pricing.

In strategic terms, programmatic actions are expected in the healthcare system to: strengthen public health management, improve the quality and availability of therapeutic and preventive treatment institutions, expand the resource base, and boost the financial base of public health (see Annex 2.2.16.).

However, at the same time, the most important condition for the effectiveness of the reforms is not only the elaboration of programmes and strategies for the sector, but also rationale and mechanisms for achieving the goals.

Institutional framework of housing and communal services. Housing and communal services serve as an independent economic institution that deals with maintenance of buildings, water supply and sanitation, sewerage systems, heat and electricity supply, arrangement of green spaces, and other activities, such as repairing of buildings and infrastructures, and the collection and recycling of domestic waste.

As a result of reorganization, the system of management and financing of housing and communal services has significantly changed. Ownership has changed substantially in relation to the housing and communal services of the country. Privatization of public housing has significantly increased the proportion of private housing, and by the end of 2010 it amounted to almost 94 percent of the total (compared with 69 percent in 1992).

The system of providing public services in Tajikistan is divided into two subsystems. The first is the SUE, 'Khojagii Manziliyu Kommunalii' (KMK) which was formed as a result of the reorganization of the state concern 'Tadzhikkommunservis'. The SUE is the legal successor in business and is accountable to the government. The second subsystem is bound to local executive authorities, mainly in towns, and which include agencies in charge of operating housing and communal services.

The problem of water supply exists over most of the country. Surveys and an inventory of the sector revealed that currently only 48.6 percent of the population of Tajikistan have access to safe drinking water.

Actions undertaken by the SUE 'KMK' within the framework of improvement of the water supply systems are aimed at:

- improving technical equipment (a contract is signed with the JSC 'Khujand-ZIL' for production of utility vehicles);
- rehabilitation of the water supply and sanitation systems in districts of the country (through a long-term loan of the European Bank for Reconstruction and Development [EBRD]); and
- improving the timeliness and acceptability of charges for water, and water consumption rationalization by installing water meters (negotiations are underway to identify sources of funding).

Extract from an interview with the news-agency Khovar with Mr Alimurod Taghoimurodov, Director General of the State Unitary Enterprise 'Khojagii Manziliyu Kommunalii', May 5, 2011

The main reasons for the ineffective operation of the SUE 'KMK' are as follows:

- a lack of specialists and financial resources;
 - services do not meet the needs of the people;
- and
- some functions are duplicated by other institutions, which hinder the introduction of an integrated development strategy, thereby creating the continued threat of a conflict of interest.

The latter conflict of interest is related to a lack of elaborated mechanisms on 'consumer-producer' relationships, and underdeveloped market reforms in the sector (see Annex 2.2.17.).

A component of reform is to address the monopoly in the field of housing and communal services through establishment of homeowners associations, related not only to reconstruction, but also with addressing organizational, social and psychological issues.

During the process of privatization of apartment buildings in towns around the country, there were no clearly defined responsibilities of residential premises owners towards common property of the buildings. Moreover, the main objective – transfer of apartment buildings and attached land plots to a system of management by owners – was not achieved.

The Homeowners Association is a legal form of non-profit organization established for the purposes of maintaining and managing apartment buildings.

Maintenance of the property of an apartment building includes activities related to management, maintenance, providing adequate technical and sanitary conditions, compliance with fire regulations, repair, and other activities aimed at ensuring the preservation of the property and the creation of the necessary conditions for the use of the premises, common property and land plots, such as landscaping.

Source: The Law of the Republic of Tajikistan on “Apartment Building Maintenance and Homeowner Associations”, June 2009.

A study carried out by Consumers Union of Tajikistan, within the framework of the project “Promoting civil participation in the reform of residential building maintenance and management” highlighted the difficulties with the implementation of this law, which is also due to a lack of awareness and legal literacy of the population, and the lack of referential normative documents developed.

Source: B. Habibov. *Malicious article about the house and communal services. Asia-plus, September 14, 2011.*

Reforming the system of housing management requires the active engagement of people to work on maintenance and reproduction of housing and communal systems. Thus, in accordance with the Housing Code of the Republic of Tajikistan, citizens, NGOs, civil society organizations and other voluntary associations of employers, tenants and owners of residential homes of all types of property are entitled to participate in the management of housing in their place of residence, in order to protect their economic and social rights and interest, and to participate in the selection of maintenance and repair organizations.

Despite the measures taken by public authorities and local self-governing institutions on reforming housing and communal services, the functioning of formal institutions in the country cannot be considered effective, as there is still:

- a monopoly position of local housing companies, instead of the promotion of a competitive environment and attracting private companies;
- a lack of transparency of financial flows, and a lack of mechanisms to determine the real need for financial resources to provide housing and communal services;
- a lack of statistical data (including consolidated) on the status of housing and communal services. In order to manage and regulate the processes of housing and communal services, there is a need for complete and authentic information.

2.2.3. Regional aspects of the social policy

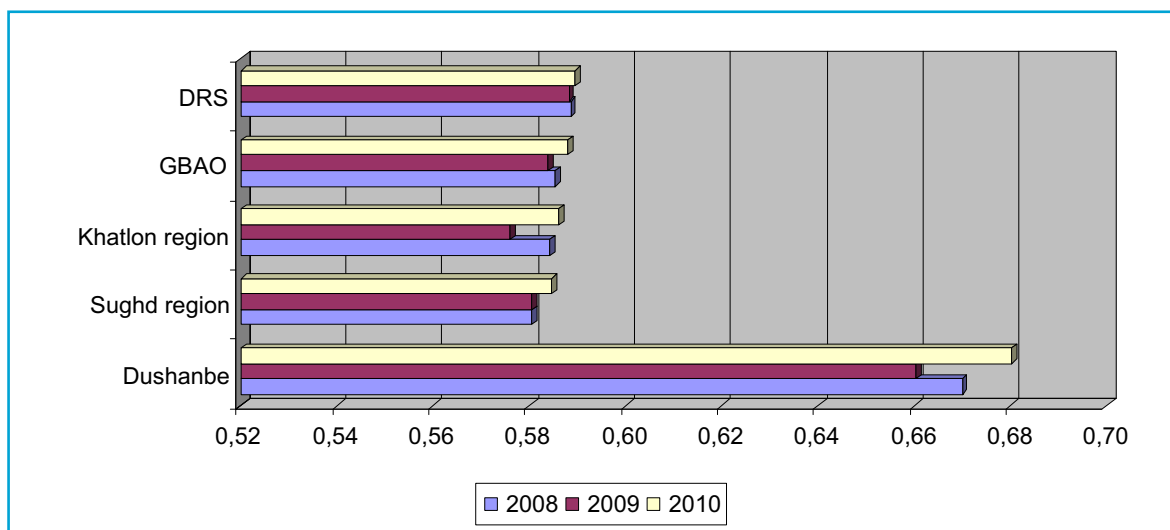
The development of the social sector in Tajikistan is subject to the central authorities' social policy. However, implementation of the policy and its effectiveness depend on activities of local government, including self-governing institutions.

TABLE 2.2.4.
Regional aspects of social reforms and their reflection in social policy

	Regionalization factors of social reform	Main socio-economic decisions	Application in regions of Tajikistan during the course of economic reform
1	Differentiation of real cash incomes	Organization of targeted social assistance to the poorest families	Considering the capacity of regional budgets, specific techniques were developed at the regional level, and which the determined criteria for inclusion of families in the list of the poorest and the dimensions of assistance;
2	Inconsistency of the social policy revenue base of the budget with its expenditure base	<ul style="list-style-type: none"> - creation of additional jobs in the region; - inter-regional redistribution of funds, intended for financing social policy; - Subventions to regions from the country budget. 	<ul style="list-style-type: none"> - Inter-regional transfers are not practiced, as the fund for financial support of areas is not yet established; - Mechanism of subvention support of regions is practiced;
3	Excessive differentiation on indicators of social development of regions	Division on depressed and crisis areas based on social indicators, and development of social programmes for their development.	Integrated social typology of the regions has not been carried out to inform management decisions. Regional policy is not properly implemented.

DIAGRAM 2.2.16.

Levels of the Human Development Index in the context of aggregated territorial and administrative units of Tajikistan (based on the traditional method of calculation)



There are significant regional inequalities in Tajikistan, including in the social sector (see Annex 2.2.18.).

Inequalities in regional development impede the positive progression of social and economic development of the country. These inequalities are determined by the existing industrial structure, which leads to a high differentiation of socio-economic development of regions.

Calculations of the regional HDI can identify factors that contribute most to the positive HDI dynamics of regions and districts of the country. These calculations are based on the traditional method and carried out in five administrative and territorial units: Dushanbe (the capital), 2 regions (Sughd and Khatlon), Gorno-Badakhshan Autonomous Oblast and the group of towns and districts under the republican subordination. They revealed that Dushanbe still holds the leading position with an index value of 0.680 (in 2010). At the same time, regional inequalities in the components of the HDI

to a relatively greater degree appear in the income settings of three areas of the Human Development Index (HDI): differentiation in the economic development of regions to a large extent determines inequalities in the level of human development.

The presence of a relatively large range of inequalities in the Income Index, first of all is caused by a relatively higher level of economic development of Dushanbe, where market relations develop more intensively. In 2010, 63.2 percent of small enterprises and 75.1 percent of joint ventures operating in the country were concentrated in Dushanbe.

Another region with a relatively high Income Index is Districts of Republican Subordination. This region is associated with the development of one large industrial district, Tursunzade (out of a total 13 districts included in this group of districts), so considering this region as a whole, it is not so developed.

Calculations of the HDI for regional levels, based on the improved methods are associated with problems of data availability and reliability.

Budgetary policy is one of the accurate gauges of priorities and capacities of the regions. During 2005-2010, it became more socially-oriented: the share of social expenditure, including housing and communal services, increased as a total of local budget expenditure from 83.0 percent to 85.2 percent.

However, the financial capacity of local budgets is very limited, especially of less developed regions. Therefore, a substantial part of their spending is financed by contributions of subvention support from the national budget. Given that the share of local taxes in the income of local budgets is insignificant in the country (on average about 12.4 percent), social sphere branches are mostly financed by funds generated in a centralized manner.

Insertion 23.

Analysis of disaggregated HDI in Tajikistan.

Statistics and average national indicators do not allow for understanding the true inequality in the lives of individuals and social groups in the regions of the country. In particular, disaggregated time series are necessary to obtain indicators on health, employment, environmental protection and gender issues.

Firstly, there are problems with the reliability of the gross regional income (GRI) indicator. A more serious problem is that the regions are more open economic systems compared with the country collation, as the bulk of income is consumed in the same place where products are made, but in the regions production and consumption vary greatly, since a significant portion of the GRI is redistributed by the state. At the same time, the regional index measures only production of the GRI, rather than consumption, thus the real economic situation of the population is distorted. A possible alternative is to use the indicator of actual final consumption of households of the national accounts system.

In addition, publications on regional issues are delayed by almost a year, which narrows the possibility of a rapid assessment of the situation, identification of threats, and the timely setting of diagnosis and ordering of solutions.

TABLE 2.2.5.
Structure of budgetary financing of expenditure on the social sphere in Tajikistan, 2010 (%)¹⁴

	National budget	Republican budget	Local budgets
Social sector, including:	100.0	28.3	71.7
Education	100.0	25.4	74.6
Healthcare	100.0	17.0	83.0
Social insurance and social protection	100.0	30.9	3.0
Housing and communal services	100.0	8.2	91.8

¹⁴Source: Tajikistan: 20th anniversary of independence: Stat. bulletin. Dushanbe, 2011, p. 787

At the same time, the policy of redistribution of budgetary resources only mitigates inequality and, generally, is not aimed at stimulating economic activity and creating conditions for fundamental solutions to problems.

Fundamentally important, from the perspective of implementing social policy, is the process of distribution of intergovernmental budgetary authority, a general trend of which is in line with delegation of responsibilities from the central to the regional level.

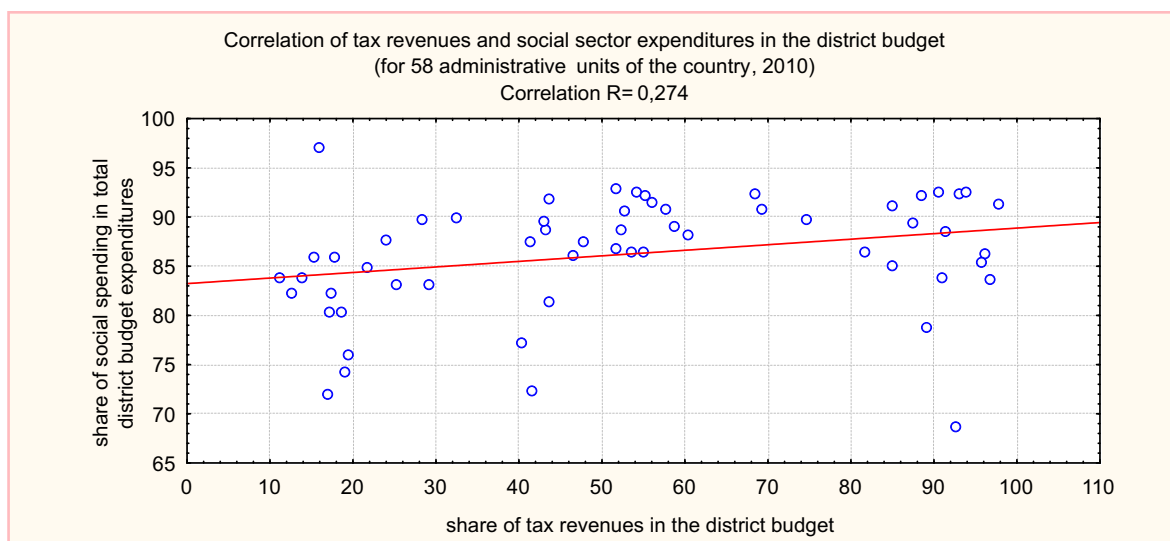
A structural change in local budgets towards social spending, particularly in 2010, does not necessarily mean the absence of regional inequalities. While budgets are generally socio-oriented, the share of social spending (excluding housing and communal services) ranges from 80 percent in Spitamen district to 69 percent in Rogun, and along with housing and communal services, from 97 percent in

Shugnan district up to 68 percent in Rogun. However, for most districts expenditure is approximately 80-82 percent excluding housing and communal services, and 86 percent including housing and communal services. It must be noted that there is no clear relationship between the volume of funding for social spending and the budget security of areas, and to a greater degree, tax.

A study on social policies, implemented by regions through budgetary mechanisms, revealed:

- through inter-governmental mechanisms, regional inequalities in financing the social sectors are evened out to some extent, however, regional inequalities in per capita funding of social services are not reduced;
- the level of regional development remains strongly differentiated, retaining the dependency of districts on financial assistance.

DIAGRAM 2.2.17.
Correlation of tax revenues and social sector expenditures in the district budget.



Insertion 24.**Problems of regional development in the context of sustainability.****1) Social sector financing:**

Trend - decentralization of financing the social sphere

However, if the revenue potential for regions remains low, it would be difficult to solve the problem of a lack of material and technical support for social institutions.

Task - ensuring potential tax growth and own-budget revenue base of regions, efficiency of spending using performance indicators, budget transparency both at national and local levels, and increasing the participation of the population in budgeting processes.

2) Social dimensions of development in the perspective development plans of regions

Trend - allocation of social priorities in regional development plans.

However, if programme actions are not consistent and sustained by cash flows – which in turn are linked to strengthening the regional economic base – the possible consequences will be associated with continuing problems of low income, and access to and quality of social services.

Task – enhancing the institutional capacity of regions in setting priorities, strengthening their economic base and the investment climate, introducing indicative planning and scenario analysis, and monitoring and analyzing the impact of actions.

3) Interaction between central and local government

Trend – a clear, comprehensive and legally consolidated distribution of authority between government bodies at different levels is emerging, finding an optimal ratio between the strategy of 'alignment' and 'encouraging growth points' in the regional development of the country.

However, if the institutional capacity of regions remains weak, the complexity of the impact of economic reforms and regional inequality in levels of development, including human development, will also be preserved.

Task - optimal decentralization of the state regional policy, and mutual coordination of regional spending commitments with revenue authorities for the entire chain of command (republic, region, district, jamoat). The following should remain under the jurisdiction of the regions: infrastructure of regional importance (roads, water facilities, power stations and power lines); the social sector (public utilities, education and healthcare); and control over reclamation of land and environmental protection. At the same time, there should be incentives to carry out sound fiscal policy at the local level, development and effective use of taxation potential, and improvements in the efficiency of budgetary expenditures.

CHAPTER 2.3. ENVIRONMENTAL MANAGEMENT.

At present, an imperfect system of environmental protection works on the principle of 'detection and correction' rather than 'notification and prevention'.

When analyzing the status of environmental issues, it is important to conduct thorough assessment: to what extent legislative and regulatory enactments are harmonized; how interdependent and mutually conditional are the adopted strategic and policy documents; and how sufficiently planned activities are supported. Understanding these issues is important to minimize the irrational use of natural resources, as well as to reduce negative human impact on the environment and its preservation for future generations.

Environmental issues specified in socio-economic policies and programmes are not always a priority and, therefore are generally under-funded.

An important area of public policy – in terms of institutional reform to create efficient institutions operating in market conditions, and development of legislative and economic regulatory mechanisms in the area of environment – is to develop the institutional capacity of local self-governing bodies, as they are the only units that act at the level of direct interaction with the population, and are designated to address issues of importance to them.

It is important to initiate discussion of new and renewal of existing approaches to addressing environmental challenges in a changing system of state governance. Analysis of relevant problems has practical significance both for the development of legislation at all levels, and for the reform of local self-governing bodies. This will help to resolve specific problems in developing effective mechanisms to ensure everyone's right to a conducive environment in the territory of the jamoat.

2.3.1. The current state

The institutional system of government in environmental protection in Tajikistan is based on specific legislative acts adopted by the government and regulations on the functional activities of relevant ministries and agencies. The government also approves the structure and is responsible for coordinating the relevant ministries' work; defines a unified state policy in the field of environmental protection, natural resource management and environmental safety; conducts interagency coordination; and interaction of state executive bodies in the implementation of interagency environmental programmes and strategic papers.

Local government authorities are responsible for the implementation of laws in accordance with the requirements specified in legal documents within the local territorial entities.

The central government agency, responsible for ensuring the implementation of environmental policies, is the Committee on Environmental Protection under the Government of the Republic of Tajikistan. The area of its responsibility includes environmental protection; development of forestry; hydrometeorology; coordination of activities of ministries, agencies, enterprises and institutions in the field of natural resource management, environmental safety standards, protection and restoration of natural resources; and coordination of activities in relation to the government's obligations under international agreements, and cooperation with foreign partners in the field of environmental protection.

Since 2003, the Committee on Environmental Protection has undergone major restructuring (becoming the Ministry of Nature Protection in 2003, the State Committee on Environmental Protection and Forestry in 2004, the Ministry of Agriculture and Environment Protection in 2006, and its current incarnation in 2008), which demonstrates the

instability of its activities, undermines its capacity to perform its functions, and engenders a high turnover of qualified personnel.

The structure of the Committee on Environmental Protection remains functionally unsustainable and the current capacity of the public administration does not allow it to fully carry out its tasks outlined in numerous legislative acts, and environmental policy and planning documents. This is due firstly, to the absence of a department on strategic planning for development of nature conservation activities within the structure of the Committee on Environmental Protection. Such a department should be an integral part of the Committee in terms of self-evaluation of existing and required capacity in environmental protection activities and development of measures for strengthening its ability to perform its role. Secondly, the activities of structural units of the Committee are mainly concerned with carrying out monitoring functions on implementation of environmental laws and regulations by companies (i.e. users of natural resources), and to a lesser extent: the systematic organization of works on management and interagency coordination of environmental activities; improvement and harmonization of environmental legislation; monitoring of environmental conditions and implementation of related decisions; advocacy issues in the field of environmental protection and rational use of natural resources; training, retraining and certification of personnel; taking into account all entities relating to both environmental management and anthropogenic impacts on the environment at all levels of state and local government, ministries, departments.

The Committee on Environmental Protection has regional offices in regions, towns and districts of the country for implementation of state control over the observance of environmental legislation and regulatory requirements to prevent pollution of the environment. Regional departments on environmental protection have a similar organizational structure to the Committee itself.

District departments working on environmental protection have limited staff, generally two or three specialists. This limited capacity prevents district departments from carrying out their responsibilities – in terms of ensuring compliance with environmental legislation in the territory under their jurisdiction – in full and at the required quality level.

The territorial departments of the Committee have dual subordination, as they are accountable to the relevant local state authorities (hukumats), while Heads of territorial offices are also appointed in consultation with the management of the hukumat. Such a structure is not entirely suitable, especially in matters concerning the implementation of decisions against violators of environmental law, where the interests of local authorities often do not coincide with the decisions made by local departments of the Committee. This is particularly true in relation to issues concerning the activities of enterprises or their manufacturing facilities operating without having undergone proper environmental impact assessment of their activities; the absence of licenses for specific activities related to water and land use, and permits for emissions, discharges of pollutants into the environment, and waste disposal; and disbursement of payments and fines submitted by the environmental protection agency for pollution of the environment.

The organizational structure of the Committee on Environmental Protection includes the State Agency on Forestry and Hunting (formerly the State Forest Enterprise 'Tadzhikles'), which includes forestry authorities at regional and district level, that are not structurally combined with the corresponding territorial departments of environmental protection. Activities of the agency are directly related to forest management, operation of wildlife preserves and national parks, and production and sale of forest products.

One of the key departments of the Committee on Environmental Protection is the State Agency for Hydrometeorology. The main tasks include

Hydrometeorological monitoring and forecasting, monitoring of hydrological phenomena and processes, monitoring of glaciers and distribution of snow cover, and provision to economic entities of information on the meteorological situation at observation points.

Since the ratification of the UN Convention "On Climate Change", a Climate Change and Ozone Layer Research Centre has been established under the structure of the State Agency for Hydrometeorology, the tasks of which include: implementation of the obligations of the Republic of Tajikistan under the United Nations Framework Convention on Climate Change; systematic observation and analysis of climate change; inventory of emissions and flows of greenhouse gases; and vulnerability and adaptation assessment of the national economy, natural resources and public health to climate change.

In analyzing the effectiveness of the institutional capacity in environmental and natural resources management, it is necessary to take into account the political conditions of the past and the system of socio-economic development of the country, in which there were institutional reforms in the field of environmental protection. The Environmental Protection Agency in Tajikistan was formed during the Soviet period, in 1988. Under its administration were the departmental structures of the design institutes of State Construction (GosStroi), State Land Committee (GosKomZem), State mining and engineering supervision (GosGorTechNadzor), hydro-meteorological services and others. Some powers relating to protection and use of water and land resources, atmospheric air, waste management, biodiversity and specially protected natural areas, etc. were transferred from the relevant ministries and agencies. However, the transfer of functional powers in the field of environmental protection and use of natural resources had fragmentary characteristics and as experience is gained and the status of the environmental authorities considered, these powers

have repeatedly been reviewed and regulated by the relevant statutory regulations. It should be noted that to date there is some uncertainty in the delineation of functions and distribution of authority between the Committee on Environmental Protection and key ministries and agencies in the area of state control and environmental management.

Significant environmental functions are enshrined in the sectoral legislative documents of the Ministry of Land Reclamation and Water Resources, the Ministry of Health, the State Committee on Land Resources Geodesy and Cartography, the Directorate General of Geology under the Government of the Republic of Tajikistan, and the General Directorate for State Supervision over Safety in Industry and Mining under the Government of the Republic of Tajikistan.

In addressing issues of interagency coordination of activities and decision-making in the field of the environment, there are relevant inter-ministerial committees/councils established by the government (see Annex 2.3.1.).

Analysis of the activities of committees established to facilitate inter-ministerial coordination in addressing issues related to environmental operations, demonstrates imperfect legal mechanisms and low interest of parties in the activities of these establishments in the system of decision-making. However, the intended purpose of these committees is still relevant today: providing a higher legal status to committees in the system of decision-making (as well as the need for their reform), with inclusion into their composition broader civil society, will provide dynamism and increase their effectiveness in interagency coordination of environmental activities.

A key role in coordinating environmental activities and decision-making is assigned to local authorities, according to the laws "On local government bodies", "On self-governing bodies", "On nature protection",

Insertion 25.**Implementation of departmental functional powers in the area of natural resource management and environmental protection.**

- Water use permits for irrigation purposes with water intake from the main irrigation and inter-farm canals are issued to agricultural consumers by the Ministry of Land Reclamation and Water Resources departments. However, the system of departmental control and monitoring over pollution and discharge of polluted runoffs barely functions, therefore the Committee on Environmental Protection is removed from control of the quality of discharged wastewater from irrigated fields.
- The Ministry of Land Reclamation and Water Resources is entrusted to provide information on water consumption and sewerage in the system of statistical reporting 'Vodhoz', which is not accessible at present.
- The State Committee on Land Resources Geodesy and Cartography is able to impose fines for violations of land legislation in terms of pollution, including for inefficient use and degradation of land and other environmental violations, including up to the termination of funding of facilities.

In relation to waste management, there is a duplication of control functions between environmental authorities, the Ministry of Health (SES) and local authorities. Environmental authorities are often assigned irrelevant functions of control over the system of removal, placement and disposal of solid waste in populated areas.

"On Ecological Expertise", and "On Protected Natural Areas". Local authorities, within their jurisdiction, are empowered to coordinate activities related to the protection of the environment (defining the main directions for protection and use of specially protected areas and adoption of environmental programmes, arranging public

hearings, conducting surveys, referenda among the population about intended economic and other activities that are subject to ecological expertise, etc.) and the use of natural resources (granting and withdrawing land, carrying out monitoring of their intended use, issues of water use, etc.).

However, there is no authority responsible for the coordination of environmental activities within the structure of the territorial administration of local authorities. This is probably due to the fact that environmental issues are functionally correlated to the industrial activities of entities such as the industrial and agricultural sectors, and management of water and land resources, etc. In addition, local Departments of Environmental Protection of the Committee on Environmental Protection are also involved in the process and accountable to *hukumats*. These departments in turn do not have the authority to coordinate the environmental activities of industrial sectors of the economy under the *hukumat*. This institutional structure was established during the Soviet period and has not undergone major changes which take into account the processes of market transformation.

The duplication of functions, and dual subordination between government entities at all levels and between specially authorized state and local governments, requires careful analysis and streamlining of functions in environmental activities, especially at the legislative level.

In accordance with their authority, local self-government institutions regulate certain matters related to land and water use by *dehkan farms* and the population in general. Legislative regulation of environmental activities of local self-government institutions is not enshrined legally and remains restricted to certain regulatory issues, such as disposal of solid waste, and landscaping.

The general provisions of the Constitution of the Republic of Tajikistan on the powers of local self-government authorities have been elaborated in the

Law of the Republic of Tajikistan "On self-government bodies in towns and villages". The position and role of local government in addressing environmental issues are not clearly and adequately reflected in existing legislation. These statutes do not contain a clear delineation of authority between local self-government and state authorities, as well as between specially authorized bodies, although technically some of the issues are identified. Moreover, there is no such a notion as the 'authority' of local self-governments at all and, accordingly, its jurisdiction and position in addressing environmental issues are not defined. Thus, the interaction of local and national bodies of the state authority is essential to ensure the effectiveness of managing environmental policies in general. One of the biggest challenges of the day in reform of local self-government is to develop opportunities for introducing such an interaction mechanism.

2.3.2. Legal provision of institutional capacity development

The administration and regulation system for the management of environmental protection in Tajikistan operates on the basis of laws and regulations of the former Soviet Union. To date, relatively developed national environmental legislation has been created (See the information base for section). However, the legislation has several weaknesses, namely:

- it is not supplied with mechanisms and resources for implementation of the rights of citizens in ensuring favorable environmental conditions;
- it is not sufficiently interconnected and arrangements for monitoring the effectiveness of its implementation and application are not worked out;
- mechanisms for linkages with other normative and legal documents of branches of the economy are not developed, and roles and responsibilities of ministries and agencies are not sufficiently defined to address issues related to the environment and

rational management of natural resources, with appropriate decisions made.

The existing regulatory framework needs further revision to define executable requirements and should clearly reflect implementation arrangements on the basis of adopted legislation.

In the current legislation, conservation activities are defined as "activities of public authorities in the person of the government and the specially authorized state bodies, local authorities, non-governmental and other not-for-profit organizations, legal entities and individuals, aimed at preserving and restoring the natural environment, rational use and restoration of natural resources, prevention of negative impacts of economic and other activities on the environment".

National environmental legislation is built on the principle of a two-level system of legal regulation, including national legislation, and regulatory and legal acts (including those at the local government level) adopted in accordance with it. At the same time, the credentials of the environmental policy implementing entities are not clearly defined in legislative acts, and they are often not harmonized with each other, or may be duplicated.

A lack of financial resources, as well as and the low level of skills, do not allow state and local authorities to implement their assigned functions in relation to environmental issues.

Despite the importance of environmental activities at the level of jamoats, the powers of local self-government authorities in the field of environmental protection are not regulated at all in the current legislation, including in the Law "On Environmental Protection", adopted in 2011. Thus the rights and duties vested in these local bodies are not consolidated through an integrated legal act. This is probably due to the lack of critical analysis of the environmental practices of local self-government bodies, their imperfect management structure, and I

ack of material and financial base. The activities of local self-government bodies in matters relating to individual environmental issues and rational use of natural resources are entrusted to the respective services of land and water use, those responsible for issues in the communal sector. Purposeful environmental activities are not carried out by the existing governing structure of jamoats.

Local authorities may also impose some of their authority on self-government institutions in towns and villages on the basis of the contract and proper funding of these powers. According to Articles 13 and 14 of the Law "On self-government bodies in towns and villages", the jamoat is the vested authority in ensuring the necessary measures are in place to protect agricultural lands, protect forests and bushes, and develop and implement measures to protect the environment. However, procedures for implementing these powers and forms of cooperation of local self-government bodies with the state authorities and specially authorized institutions, are not defined in the enactment, and therefore the emergent activities of local self-government entities. ce of contradictions in functional activities is possible.

Local authorities and local self-government bodies have no right to establish other standards instead of laws and regulations set by the relevant central authority. However, based on the peculiarities of local conditions, environmental legislation provides opportunities for additional measures to create a favourable environment. Such measures could, for example, be the establishment of specially protected natural areas of local significance; direction of petitions to state and regional authorities to grant a particular territory the status of 'environmentally unfriendly territory' with the allocation of funding for the restoration of proper quality of the environment; local budget allocations for the environment; conducting of public environmental monitoring; and participation in environmental protection and regeneration of natural resources (through preventing and

eliminating violations of environmental legislation; requesting relevant authorities to provide timely, complete and accurate information about the condition of the environment and measures for its protection, and submitting letters and applications to the appropriate authorities; organizing and conducting ecological expertise, and other activities which do not contradict environmental legislation).

In such cases as described above, it is advisable to explore the possibilities (organizational, financial and economic) of local self-government authorities in carrying out the intended environmental protection measures, to determine the interest of local self-government authorities and the population in the implementation of those measures, and review implementation practices by local self-government authorities.

Realization of the functions of local self-government in the field of environmental protection envisages the implementation of numerous measures in collaboration with all levels of the public administration. The forms of realization of this function are different activities of local self-government entities.

International agreements

Tajikistan is a party to nine international environmental conventions (and two related protocols), for five of which national action plans have been developed and implemented in relation to executing the commitments to be undertaken by the country (see Annex 2.32.).

The incorporation of international environmental principles into the system of national development has great significance for Tajikistan, in terms of the active integration of the country into international politics, the need to preserve unique ecosystems (especially mountain ecosystems associated with water and forest resources), the adoption of preventive measures for the conservation of icecaps, and the sustainability of species and

conservation of biodiversity habitats. The success in achieving sufficient results is founded in the development of mechanisms for international and interagency cooperation, attraction of significant financial and material resources, and availability and development of highly qualified personnel.

The effectiveness of implementation of conventions depends largely on the development of institutional capacity and interagency cooperation. Coordination of actions on implementation of the commitments and interaction with the respective secretariats of the Conventions, has been entrusted by the government to the Committee on Environmental Protection.

The "Order of the Government of the Republic of Tajikistan" from 2010 defines a new institutional order for implementation of standards of United Nations Conventions in the area of environmental protection (See the information base). According to the Order, coordination over implementation of Conventions is assigned to the leaders of the Committee on Environmental Protection in charge of the relevant activities and its departments (abrogating previously acting centres for interaction with the secretariats of the Conventions and implementation of national action plans to implement commitments taken by the country in accordance with the requirements of the Conventions). However, the development of international environmental policy and implementation of appropriate strategies requires improvement of the management structure of the Committee on Environmental Protection.

Positive experiences have been gained by the national centres of relevant Conventions in the organization of works on implementation of the national action plans on conservation and sustainable use of biodiversity, and on mitigation of climate change consequences. This allowed the appropriate organizational level to work systemically and consistently with the interdepartmental level, the secretariats of the Conventions, and relevant

international financial institutions, in conducting information campaigns on measures taken to implement commitments. In this regard, it is advisable to establish a single centre for monitoring the implementation of the commitments undertaken in accordance with the requirements of the Conventions.

2.3.3. Integration of environmental issues into the national development

The most effective mechanisms for integrating environmental protection and sustainable natural resource management issues are their inclusion in national and sectoral strategic and policy documents (for development, reforming the economic sector, improving budget planning and investment attraction, and domestic and external sources of funding).

The most important document is the NDS, which determines the priorities and focus of government policy aimed at achieving sustainable economic growth, facilitating access of the population to basic social services and poverty reduction. The NDS also incorporates the achievement of MDG7, to "Ensure environmental sustainability", and Target 9 "Integrate the principles of sustainable development into country policies and programmes and reverse the loss of environmental resources". The NDS stipulates that its strategic indicators will serve as a basis for all existing and emerging national, regional and sectoral development concepts, strategies, programmes and plans of the country, as well as the work of all bodies of public administration.

To address issues related to environmental protection, sustainable natural resource management, integration of environmental considerations into economic sectors (including related to climate change), the government has adopted long-term sectoral strategic and policy documents to assist in addressing the commitments undertaken by the country (See the information base for the section).

An analysis of the achievements related to the MDGs, conducted in 2010 in accordance with the indicators of the PRS 2007-2009, revealed varying degrees of progress in achieving the goals. This is primarily due to imperfect intersectoral mechanisms for integration of environmental policy into the broader concept of sustainable development of the country, which is related to the need to improve institutional capacity and enhance the skills of human resources. It is necessary to calculate the impact of environmental factors for estimated public expenditure, improving sectoral and intersectoral objectives in the field of environmental protection, promotion and development of best practices in production and implementation of the Clean Development Mechanism, and establishing systems for monitoring the long-term results in all aspects of environmental protection and sustainable natural resource management.

The lack of established mechanisms to assess the opportunities and the degree of integration of environmental issues in the strategic and policy documents of economic sectors, results in limitations in considering environmental factors in the system of indicators for achieving development of the country in terms of its environmental sustainability. At the same time, the regulatory framework needs improving, for dealing with issues related to the integration of environmental factors as critical for the evaluation of sustainable development of economic sectors and society in general.

The low level of environmental education among the population of Tajikistan, the high growth of the population, and the persistently high levels of poverty (especially in rural areas), have a significant impact on the ecosystem. This is largely as a consequence of over-grazing, ploughing of sloping lands, illegal logging, and poaching. As a consequence, areas of deforestation are increasing, erosion processes are intensifying, the habitat conditions for flora and fauna are being disrupted, and vulnerability of forests to pests and

diseases are increasing: all these factors ultimately lead to a gradual deterioration in the condition of natural ecosystems.

Along with intensification of global climate change processes, there are also significant changes observed in the environment, and increased vulnerability of natural ecosystems, especially in mountainous areas where geodynamic processes, and degradation of forest and land resources, and icecaps, are intensified.

Natural disasters, provoked by natural phenomena, threaten not only the lives of people but also the resources and sources for their existence. Failure to take timely preventive measures to reduce the risks of natural disasters can lead to significant socio-economic losses, together with the use of valuable financial resources to restore damage caused, rather than for the development of economic sectors and poverty reduction.

The irrational use of mountain areas by the population, construction in hazardous and restricted areas without geological exploration and findings, road construction, establishing homes in vulnerable ecosystems (such as mountain slopes), the construction of dams, reservoirs, canals, and failing to observe the water use regime – together with insufficient control and planning of these processes – all can lead to increased risk from exposure to natural disasters.

The situation is complicated by the fact that the traditional sites of human settlement in mountainous areas, largely coincide with areas prone to landslide hazards, and people are settled there in large populations rather than separate individual households.

The impact of the energy sector on the environment has decreased over the past 20 years. Greenhouse gas emissions have decreased by more than 10 times as a result of a stimulated decrease in the use of organic fuels.

The technologies for utilizing renewable energy sources (i.e. solar, wind, geothermal, as well as recycling of certain types of biomass) have not yet reached a sufficient level of technical and economic parameter which could make possible their wider use (especially in rural areas, small social sites, production of greenhouse crops, and in everyday life). The practical use of these technologies is under development, but is unable to compete economically with conventional energy sources. However, renewable sources have a future, as a result of the increasing shortage of energy worldwide, and their renewability.

**Insertion 26.
Implementation of the National Programme
on Application of Renewable Energy
Sources.**

In 2008, the Academy of Sciences of the Republic of Tajikistan established a 'Center for research and use of renewable energy sources', on the basis of the resolution of the Government of the Republic of Tajikistan. As part of its implementation of the "Comprehensive target programme for widespread use of renewable energy sources" research was conducted on all types of renewable energy (that from small rivers, sun, wind, biomass, etc.). This allowed for the analysis of the technical and economic potential of renewable resources in the country. Currently, there are many completed and ongoing projects on the introduction of renewable energy sources in social facilities and in people's lives. However, the mechanisms for awareness raising among the public on the possibilities and prospects of using renewable energy, are not well developed.

Tajikistan is a land-poor country: provision of irrigated land per capita is 0.116 hectares, and 0.006 hectares of irrigated arable land, including 0.09 hectares of cropland. Land suitable for

cultivation of crops occupies only 8 percent of the country. The low natural productivity of the land creates significant costs for farming practices and land reclamation.

The emerging trend in the agricultural sector and financial incentives provided from the public sector and international organizations have contributed to the food supply in Tajikistan through consistent and sustainable growth in agricultural production, an increase in income and employment, and improvement in reproduction.

The economic mechanisms related to the integration of environmental protection and rational natural resource management in Tajikistan are based on common approaches of paid natural resource management. These include taxes on land and subsoil; payments for services for the collection, removal and disposal of waste; use of sewage systems and water supply; loss assessment for the violation of water legislation and air pollution; and penalties for damage to forestry through illegally logging, damage and collection of plant resources, and extermination and illegal extraction of species of plants and animals.

Since the early 1990s, a system of payments for environmental pollution has been in operation, and has been the main compensatory mechanism for the recovery of costs related to the negative impact of emissions and waste disposal in the environment. Payment for environmental pollution is charged to enterprises, institutions and other organizations, regardless of ownership.

Despite the application of a wide range of economic tools for environmental protection and rational natural resource use, the expected changes in the status of the environmental protection facilities and, accordingly, further development of economic mechanisms, have not been achieved. Economic instruments are aimed primarily at increasing financial revenue from various fees and fines, and achievement of environmental goals and improving

the environment in general is a secondary issue. Despite existing challenges, there are specific incentives generated through economic instruments for implementation of low-cost actions, aimed at preventing environmental pollution.

Environmental policy on taxation at the present stage of development of the country is not a priority. This is indicated by the fact that the tax code has no articles on environmental taxes and that the current system of environmental charges does not meet the actual realities of the country. In policy documents related to socio-economic development, the main priority is set on reducing poverty through economic development, while, at the same time neglecting the fact that the integration of environmental aspects also plays an important role in the development of social welfare.

The continued degradation of the environment and the lack of effective incentives for ensuring preventive measures and compensation of environmental damage, encouragement of the sustainable use of natural resources, and prevention of pollution of the environment, suggests the need to review all the environmental and economic policies on taxation and payments.

Moreover, it is expedient to assign local self-government authorities with relevant legal and financial provision, and responsibility for most powers on controlling unauthorized dumping and disposal of waste, poaching, illegal collection of medicinal herbs, pollution of land and other types of controls that can be carried out more effectively at the local level. This will significantly increase the environmental awareness of local people, and increase revenues to local budgets from fines, which could then be used to address development issues.

Achieving the assigned tasks will ensure the integration of environmental protection issues and sustainable use of natural resources in socio-economic development of sectors of the economy,

the development of mechanisms for implementation of decisions taken in all strategic and programme documents, and the improvement of environmental education and awareness of the population and officials on the natural environment.

2.3.4. Environmental education and public awareness

The Law on "Nature Protection" (2003) and the State Programme on Environmental Education and Training of the population to 2010 (1996) created the foundations for formal and informal environmental education and training of the population. The programme embraced environmental education and training in pre-school institutions and schools, training of specialists on environmental issues in secondary and higher education establishments, establishment of training centres and courses for officials, and increasing awareness among the media and the public.

A significant impetus to development of environmental education for sustainable development was provided by the World Summit on Sustainable Development (Johannesburg, 2002). The recommendations of the Summit received further development at the Kiev Ministerial Conference on Environment (2003), which adopted a ministerial declaration "On education for sustainable development". In support of these initiatives, in 2005 the United Nations declared the "Decade of education for sustainable development".

The introduction of environmental education to the general state education policy in Tajikistan, as well as the development of a network of training centres and their capacity for providing continuous professional development and training, would help to raise awareness among decision-makers on environmental issues.

Over the State Programme on Environmental Education and Training implementation period, departments of environment were launched in

Insertion №27.**The Law “On environmental education of the population”.**

In December 2010, the *Majlisi Milli Majlisi Oli* through its Decree adopted the Law "On the environmental education of the population."

The objectives of this Law are:

- Ensuring and protecting the rights of citizens in dissemination of environmental knowledge;
- Providing legal, socio-economic, organizational, psychological and other guarantees for formation and development of environmental training, education and environmental awareness of the population;
- Developing mechanisms for implementation of the tasks in the existing information and educational systems.

The Law extends to all government agencies, public organizations, educational and industrial organizations, the media, nature users, society and citizens.

Teaching subjects of ecological orientation at all levels of the education system is carried out in accordance with state educational standards.

The organizational framework of public policy in the field of environmental education is a comprehensive state programme on environmental education of the population (under preparation).

Environmental education will be carried out on the basis of unified state programmes. They are being developed by the authorized bodies of the state administration with the support of public organizations.

Inter-departmental committees are being established to develop proposals on

environmental education and coordination of activities between the executive authorities and organizations concerned with environmental education.

The State Inter-ministerial Committee is being created by the Government of the Republic of Tajikistan.

The Regional Inter-Agency Committee is being created by the local executive office of the state authority.

The authority of local offices of the state and self-government bodies of towns and villages in the area of environmental education includes:

- establishing and providing environmental education at the local level;
- establishing a regional inter-agency committee on environmental education; developing and implementing local programmes on environmental education.

several faculties of natural sciences within universities (Tajik State Pedagogical University, Tajik National University, and regional universities), and which provide training in the: chemistry and ecology, biology and ecology, agro-ecology, and engineering ecology.

In order to improve the quality of teaching of academic disciplines on the environment, during 2007-2010, the following documents were developed and recommended by the board of the Ministry of Education: Environment for Future Generations, a textbook for students in grades 5-8; Ecology and Environmental Economics, a programme on ecology for students in grade 9; and Geo-ecology, a textbook for student geologists of higher education institutions. Furthermore, over 30 training manuals on the environment have been developed and are being used in teaching at pre-school, schools and higher education establishments.

Insertion 28.**Contribution of public organizations to environment protection.**

- The public organization 'Youth of the 21st century' and the 'Youth Group on Protection of the Environment in Khujand' are promoting a 'Green Patrols' movement in Tajikistan and have developed an e-textbook on environmental education.
- The public organization 'Little Earth' is developing programmes on energy and resource conservation in schools. The school project School Project for Application of Recourses and Energy (SPARE) has spread throughout Tajikistan.
- The 'Youth Ecological Centre' is developing a youth debate movement in Tajikistan, training young trainers to work with communities, and has developed textbooks on Education for Sustainable Development, climate change, and implemented projects on sustainable development in communities, with the wide involvement of young people. The 'Youth Ecological Centre' conducts summer environmental education camps for young people, and environmental actions.
- The public organization 'Zumrad' has created a series of children's environmental clubs, the activities of which involve rural youths and boarding school students.
- The public organization Foundation 'Kuhiston' conducted series of seminars on sustainable development in buffer zones of the national park Tigrovaya Balka, and supported initiatives of local communities aimed at balanced economic and environmental development.
- The public organization 'Foundation to Support Civil Initiatives' held a number of major information campaigns and has developed Local Action Plans for protection of the environment, with the involvement of students,

residents and local government employees.

- The Environment Protection Squad of the Tajik National University, and the Ecology Club 'Yunona' of the Tajik Technical University, organize scientific and research activities for students, facilitate training camps, and conduct environmental actions.
- The National Centre for Education for Sustainable Development, established in 2006 with the support of OSCE and the Regional Environmental Centre, has adapted and translated the teaching aid Environment for Future Generations into Tajik language, and presented it at the Conference on Environmental Education, organized by the Ministry of Education in April 2008. The textbook was published (5,000 copies) and is currently being distributed to secondary schools.

Source: www.tabiat.tj

The Tajik National University and Khujand State University operate centres for training of personnel (which also includes the issues of personnel skills development on the environment). However, despite positive developments in addressing issues of environmental education, formal environmental education in general is still characterized by outdated curricula and materials, and an acute shortage of qualified personnel. This is primarily due to a lack of comprehensive environmental education programmes within formal environmental education at all levels, and lack of human and material resources. There are elements of environmental education included in the courses of primary and secondary grades, but as a rule, within the framework of natural history in primary grades and biology at secondary level.

The lack of common conceptual and methodological approaches in teaching environmental courses in universities, leads to their fragmentation and

isolation from specific academic disciplines. In addition, there is no professional training discipline on environmental management in universities.

The low level of personnel skills in the system of state control over natural resource management, as well as at the level of institutional control over environmental protection from the harmful effects of industrial activity, and a lack of institutional capacity for training and retraining, reduces the effectiveness of planned environmental protection measures.

In such a scenario, an important role in environmental education is played by public organizations. These organizations are actively developing their operations, both independently and in collaboration with the Committee on Environmental Protection, Ministry of Education, and the Committee of Youth Affairs, Sports and Tourism. The majority of such organizations cooperate with international programmes, thereby taking advantage of greater access to international experience in the field of environmental education and promotion of environmental knowledge.

Over the past decade, a weakening of the information potential in Tajikistan has been observed. To improve this situation, the current system of monitoring of environmental issues needs to be improved, especially in terms of completeness of information provided, impartiality of evaluations, and communication to the consumer. Ministries and agencies responsible for policies in the area of environmental protection are creating their own systems, largely incompatible with each other. Currently, 12 different ministries and agencies are engaged in overall monitoring of the environment.

Thus, an important component of environmental assessment is the availability of a present-day system of monitoring. This fundamental element in decision-making system requires fundamental reform, as the current state of collection, processing, evaluation, analysis and reporting is not perfect in nature. Information on the situation of the

natural environment is collected, generated and distributed both by the central statistical service and the agencies responsible for state policy in certain areas related to environmental protection. The problem of reliability and availability of information requires a radical reassessment. Because of its inaccessibility, and sometimes contradictoriness, there is a need for adoption of legal acts on the

Insertion 29.

Existing sources of environmental information.

- The Committee on Environmental Protection under the Government of the Republic of Tajikistan periodically publishes the newspaper 'Navruzgoh' and a bulletin on the state of the environment in Tajikistan;
- The Tajik Branch of the Scientific Information Centre of Intergovernmental Committee for Sustainable Development in Central Asia publishes a data base on environmental protection and sustainable development in Tajikistan;
- The Public organization Youth Ecological Centre produces and distributes a socio-ecological magazine entitled 'Tabiat';
- The Youth Group on Protection of Environment in Khujand publishes the youth publication 'Compass'.
- Electronic environmental newsletters are disseminated by CARNet portal, including: Tajik Climate Network PO-TajCN, the Youth EcoCenter, public organization 'Little Earth', etc.
- Periodically, programmes and reports are broadcasted on national television, and prepared with the involvement of staff from the Committee of Environmental Protection, the Academy of Sciences, and public organizations.

Source: www.tabiat.tj

quality and completeness of the information provided to consumers. Today, it is required to develop information technologies on the basis of international standards in collection, processing and dissemination of environmental information.

At present there is not a centralized system for collecting, processing and updating of environmental information that takes into account all its scope and impact factors. This situation makes it difficult to access environmental information about the status in a particular area of planned and implemented activity, which may have a significant impact on the environment, as well as to produce a comprehensive assessment of its condition.

The adoption in 2011 of a Law "On Environmental Information" and "Environmental Monitoring" provides hope for the rapid development of mechanisms that ensure obtaining of complete and accurate information on the environmental and ecological situation, as well as the dynamics of their changes.

2.3.5. Partnership in addressing issues of environmental protection.

Participation of civil society in addressing issues of environmental protection.

The development of democratic reforms in Tajikistan has initiated the emergence of NGOs. Today, there are more than 90 'public' organizations focusing their efforts on environmental issues in the country. Most of them work directly with the population, informing them on environmental issues, and actively assisting in the elimination of negative factors.

Public participation in addressing environmental issues is enshrined in the environmental legislation. However, there is a need to develop legal mechanisms (procedural rules) on the permanent involvement of the public in preparation, discussion and decision-making on issues, such as the

adoption of new legislation, and policy and programme documents, that impact on the regulation of issues related to natural resource management, the state of the environment, and development of mechanisms to provide information.

Public organizations play an important role in ensuring the participation of citizens in addressing national and local issues, and at the same time involving the wider population.

Currently, public organizations involved with environmental issues are united in an informal network of information exchange. In 2008, to replace the Environmental Council, the Club of Environmental Public Organizations of Tajikistan was established, and which carries out coordination functions related to of the public environmental movement in the country.

The activities of public environmental organizations are very closely linked to the work of local authorities and local self-government institutions. This relationship greatly expands the opportunities for citizens to exercise their environmental rights and interests, and also contributes to the creation of public nature protection associations and movements, prepares recommendations on enforcement of legislation and on amending or supplementing the existing regulatory enactments, and examines the practice of legislation enforcement.

An important mechanism for bringing local self-government authorities and citizens together is the Local Environmental Action Plan (LEAP), which aims to address local environmental issues, increase citizen participation in decision-making, and develop environmental partnerships at the local level. Local authorities/self-governments are leading the process of development and implementation of LEAP, and public organizations are mobilizers of the process, inspiring local authorities to develop local environmental plans.

Insertion 30.
Implementation of projects and programmes by Public Organizations.

- The NGO 'Foundation to Support Civil Initiatives' initiated the development of the Environmental Management Programme in Dushanbe and Varzob district; the Youth Ecological Centre is developing rural LEAPs; the Foundation 'Kuhiston' has developed programmes on the involvement of local communities in the management of the national park Tigrovaya Balka; programmes aimed at the rational use of water have been implemented by the Public Organization 'Asri Nav', on land use by 'Hamkori Bahri Taraqiyot', on preservation of agricultural diversity by 'Zan va Zamin'; and on sustainable development and micro-loan and microfinance programmes, self-help groups, etc.
- An important area, with direct involvement of rural people and local communities, is development and implementation of demonstration projects on energy saving and heat insulation of houses, introduction of energy-efficient furnaces, energy-efficient construction and development of alternative energy sources. These are being implemented by the public organization 'Little Earth', the Youth Ecological Centre, CAMP 'Kuhiston', and public organization 'Habitat'.
- Local NGOs play important role in the implementation of environmental education programmes: the public organizations 'Youth of the 21st century' and the 'Youth Group on Protection of Environment in Tajikistan' are promoting the Green Patrols' movement and have developed an e-textbook on environmental education.
- The public organization 'Little Earth' is developing programmes on energy and resource conservation in schools. The school project SPARE has spread across Tajikistan.

The 'Youth Ecological Centre' develops the youth debate movement in Tajikistan, trains young trainers on working with communities, and has developed textbooks on Education for Sustainable Development, climate change, and implemented projects on sustainable development in communities with the wide involvement of young people. The 'Youth Ecological Centre' conducts summer environmental education camps for young people, together with environmental actions. The public organization 'Zumrad' has created a series of children's environmental clubs, whose activities involve rural youth and boarding schools students. The public organization Foundation "Kuhiston" conducted a series of seminars on sustainable development in buffer zones of the national park Tigrovaya Balka and supported initiatives of local communities aimed at balancing economic and environmental development.

Source: www.tabiat.tj

Local self-government institutions are able to closely interact either directly with the public, or through different organizational forms of citizens' associations (bodies of territorial public self-government, various public and other not-for-profit organizations). It is local authorities that actually arrange and create conditions for the development of different organizational forms, through which the population integrates in the management processes. Thus, the experience gained through the interaction of public organizations and other public groups with citizens and local communities, suggests that the foundations are laid to develop mechanisms for such interaction related to issues of environmental protection, and improving environmental education and awareness in this area.

Participation of international institutions in addressing issues of environmental protection

The deterioration in the ecological situation in the country has attracted the attention of many international organizations and agencies, including: UNDP, World Bank, Asian Development Bank (ADB), Global Environment Facility (GEF), United Nations Environment Programme (UNEP), and United Nations Economic Commission for Europe (UNECE). UNDP and UNEP are involved in the majority of projects due to their specialized experience in matters related to sustainable development and environmental protection.

GEF made a major contribution to implementation of projects directed at preserving the unique biological conditions, and strengthening and coordinating national policies, regulations and institutions responsible for protection and sustainable development of biological diversity. GEF also supports management of water resources, conservation of agricultural biodiversity, and enforcement of the Montreal Protocol on ozone layer protection, in the field of trade and licensing.

ADB actively supports CAR regional cooperation in the field of conservation of mountain ecosystems and combating desertification.

Other international agencies are actively involved in the development and implementation of environmental projects. Implementation of projects and conducting of numerous forums and seminars organized by international organizations, helped attract attention to existing environmental problems at national, regional and global levels; and stimulated the formation of political will to strengthen international cooperation, using both frameworks of international environmental conventions and international organizations.

Initially, foreign aid was focused on identifying the root causes of depletion and pollution of the environment. The development of relations in the field of environmental policy and implementation of

Insertion 31.

The UNDP-UNEP “Poverty-Environment Initiative”

The UNDP-UNEP “Poverty-Environment Initiative” is a global programme under which countries are supported in integrating issues concerning economic development, poverty and the environment in the development planning frameworks of countries. The initiative aims to support countries to incorporate environmental protection measures at the national and sub-national planning and budgeting processes, through creation of a knowledge base, technical assistance and capacity building. The Poverty-Environment Initiative is a joint initiative of UNDP and UNEP, operating in Africa, Asia-Pacific, Latin America, Europe and Central Asia.

The main purpose of the UNDP-UNEP Poverty-Environment Initiative in Tajikistan is to strengthen the capacity of the government and other stakeholders in the integration of the interrelated issues of poverty and the environment in sustainable development planning, with a pro-poor emphasis. The main partner in the initiative is the Ministry of Economic Development and Trade of the Republic of Tajikistan. During Phase 1 of the Initiative, key areas for integration of issues of poverty and environment are the processes of regional and district planning and budgeting in Sughd region and mechanisms for monitoring and evaluation of the Poverty Reduction Strategy (PRS).

In order to facilitate informed decision-making in the planning of regional and district development, measurable poverty and environment-related indicators have been developed, for which data can be collected at the district and jamoat levels, and introduced into the District Development Planning Methodology, within the category of “Integration of poverty and environment issues”. On the basis of this updated methodology, there have been 14 District Development Plans developed in Sughd region. Moreover, in the monitoring framework of the PRS, a revision of existing, and introduction of new indicators on poverty and the environmental situation, has been proposed.

More information is available on the websites:
www.undp.tj/www.unpei.org

environmental projects and programmes with international organizations (GEF, WB, ADB, UNDP, OSCE, USAID, UNICEF, the Soros Foundation and others) expanded the scope of activities in priority areas. The technical assistance of international agencies in addressing environmental issues demonstrates a high level of support to Tajikistan. At the same time, evaluation of projects indicates the need to strengthen the country's political commitments and their involvement in the goals of specific projects. Strengthening of the institutional and legal framework of ongoing projects is also required.

It is also necessary to strengthen the mechanism for consultations and coordination between donor agencies for concentration of resources on key issues related to the intended purpose of the projects. Creating conditions for transparent development and implementation of projects, as well as their monitoring will help to avoid duplication and competition, and ensure public awareness environmental issues.

2.3.6. Financial provision

The main sources of finance for environmental issues are:

- Budget funding - including financing the maintenance of managing personnel, monitoring and research activities, partial funding of targeted programmes on maintenance of specially protected areas, reforestation activities, and programmes on sanitation in towns and other settlements.
- Internal funds of enterprises – including funding directly from company profits on construction and reconstruction of environmental facilities, and modernization of technological processes, as well as depreciation assignments for the recovery of assets for environmental protection.
- Environmental funds - emerging from receipt of payments for environmental pollution and compensation collected in districts and towns, distributed as follows: 60 percent remains at the disposal of the district/town; 30 percent is

transferred to the Regional Fund; and 10 percent transferred to the state environmental protection fund. From revenues to the environmental protection fund, which are collected in districts and towns, to the state environment protection fund (of which 30 percent is reserved for environmental activities in the region that transferred the funds). All income is taxed 10 percent, and goes to the state budget.

In recent years, funds are gradually increasing and are essential for the implementation of the planned environmental protection measures. Basic expenses of funds include financing the costs for planting, landscaping of territories, local action plans, and environmental education. A lack of transparency in the allocation of funds for specific activities and needs, deprive the opportunity for enterprises and the public to understand which activities are selected for funding.

- State investment projects - envisage expenditure of funds for reconstruction and rehabilitation of treatment facilities, rehabilitation and construction of environmental facilities.

International financing - in conditions of economic and financial instability in Tajikistan, a large contribution to the implementation of tasks outlined in the NDS will be from the proceeds of donor countries. The contribution of these funds are planned to address the problems of land degradation, introduction of clean technologies, conservation of biological diversity, regulation of issues related to handling production waste and consumption, and hazardous chemicals, rehabilitation of CDS and radioactive waste disposal sites, and capacity development on environmental management.

It is difficult to determine the exact amount of donor funding for the environment, as the majority of expenditure for environmental issues are included in development projects concerned with agriculture, water, energy, transport, education and healthcare.

A promising area of financing for environmental challenges and attracting foreign direct investment could be the introduction of mechanisms for restructuring of external debt to ensure sustainable development.

The development of regulatory and legal documents governing the procedures of financing environmental protection and sustainable use of natural resources in the annual forecasts of socio-economic development, and business plans by the ministries, agencies, enterprises and organizations – regardless of ownership – will also form a complex system of financial flows for addressing tasks outlined in the NDS.

CONCLUSION

FINDINGS AND RECOMMENDATIONS

CHAPTER 1. 1. ROLE OF THE STATE IN ACHIEVING DEVELOPMENT GOALS

Given the developing relationship between different spheres of public administration, it is necessary to develop a valid legal framework for relations between public administration bodies. More detailed regulation of horizontal relationships in the form of procedures, needs to be outlined in the Code on Administrative Procedures.

In the transition to a market economy it is necessary in the future to reconsider the relationships of the government with enterprises and other institutions that are under the control of government bodies. It is proposed to develop a law on state participation in joint stock companies and supplement the law on Public Stock Companies. In order to decentralize the administration, there is also a need to define the legal status, degree of independence and responsibilities of other agencies under the control of state bodies, as well to develop a functional mechanism for control over their activities by public administration bodies.

It is suggested to improve the legal framework on the delegation of functions of public administration bodies to local self-government bodies, as well as legal and physical entities. These general principles can be stated in the law on Public Administration, while more detailed adjustment should be carried out under the Code on Administrative Procedures.

Consolidation of the state and strengthening position of the central government can be achieved through segregation of political functions from executive functions in the central bodies and transferring tasks and responsibilities from the central to the local level. This will help to establish the conditions where government will become an

institution that takes fundamental, strategic decisions to respond to challenges of the state, and does not control functions in which territorial governments are able to effectively address on behalf of citizens.

For effective national development it is important to ensure the following conditions:

- Structure of the Government should be optimized by streamlining functions of ministries and agencies.
- Achievable and qualitative development plans are important to ensure careful use of resources and timely achievement of objectives.
- Accurate statistics are the basis for sound and quality planning and evaluation.
- Professional personnel are key elements for high administrative productivity in development in the public sector and public administration in general. The system of national development cannot function without professional staff.

The above conditions are necessary to enhance the capacity of the government in managing the development process. While enhancing capacity in managing the development process, the government should consider the following conditions only in the mainstream of Development Problems:

- A strong private sector - engine of economic growth
- Socio-economic infrastructure - base for economic growth
- Institutions of the market economy - basis for economic growth
- Resources for development - financial, natural and human resources, technology, etc.

Once, there is effective authority of national development established, all the resources invested in development will be able to ensure achievement

of expected results; socio-economic objectives will be achieved in a timely manner, and donors will be confident in providing further assistance.

At the same time, it is proposed to review measures aimed at achieving these priorities in the following conditions:

- The President is the head of state, is at the heart of decision-making.
- The government center is the Executive Office of the President (EOP).
- In line with the Horizontal Functional Review and Decree #9 of the President of the Republic of Tajikistan of November 30, 2006, a principle is adopted providing that the leading role in the development of sectoral policies should rest with ministries.

It is recommended that the government takes decisions so that distribution of power in the process of policy formulation in Tajikistan is carried out gradually, following 12 steps:

1. Identification of priorities;
2. Policy planning and legislative planning;
3. Development of policy proposals;
4. Development of bills;
5. Inter-ministerial consultations;
6. Submission to the decision makers (the president, government);
7. Review and coordination;
8. Review by the ministries and committees;
9. Decision of the President/Government of the Republic of Tajikistan;
10. Parliamentary procedure and decision-making;
11. Implementation;
12. Monitoring and evaluation.

In general, this means that the Executive Office of the President should act as a coordinating agency in the policy system. This assumes responsibility for strategic planning, review, coordination (including conflict resolution), and submission of materials for decisions of the President and/or the government. The Executive Office of the President should move away from direct activities in various sectors. Ministries (and others agencies) should be responsible for developing policies in their sectors.

This includes development of proposals in the field of policy formulation and bills in accordance with the action plans of the government and the results of consultations (inter-ministerial and civil society), as well as policy implementation. Responsibility over monitoring and evaluation must be mutual.

Establishing a full-fledged 'electronic government' is a lengthy process and involves several stages. During the first stage, numerous sites of ministries and agencies are created, which contain information only about the activities of the agency. Further development of these sites in the second stage involves the emergence of interactivity, including the facilitation of email questions and/or suggestions. In the third stage, ministerial websites become fully interactive: with a variety of online services, such as the possibility of payment of a fine or license renewal via the Internet. The fourth stage involves the creation of government portals which provide all services of all government agencies. These portals contain a wealth of information (the American FirstGov.Gov is the result of merging 20,000 selected government websites, and contains more than 27 million pages which allow American citizens to undertake many activities online).

In Tajikistan, this process has not yet started, so it would be a good idea to develop a 'concept of building e-government' and work to strengthen the capacity of public authorities in this field. It is pertinent to note the important role of the ICT Council under the President of the Republic of Tajikistan in this process, with the Secretariat in the Executive Office of the President.

For the establishment of successful public organizations it is important to:

- Clearly define their mission, goals and objectives, and ensure that their activities are within the established goals.
- Provide appropriate levels of management, particularly financial (savings in management costs will make the organization uncompetitive).
- Effectively manage human resources, and maximize the use of engaged participants.
- Establish monitoring and criteria for evaluation

of activities.

- Inform not only the participants, but also the general public on performance results.
- Comply with ethical norms and rules.
- Avoid dependence on limited and unstable funding sources, especially those that are in conflict with objectives.
- Establish a system of financing in which efforts to increase funds would not dominate over the mission of the organization.

CHAPTER 1.2. INSTITUTIONAL CAPACITY AND STAFF

The development of staff capacity within the structure of institutional capacity should be conducted continuously following appointment of a staff member. Manager and employees will jointly determine the results to be achieved by the staff member over the year, and develop an Action Plan indicating the approximate dates that define achievement of the expected results. It is important that these results are clearly and realistically stated, and should not be simply a reflection of the unit objectives: they should reflect a quantitative and/or qualitative increase in the employee's personal contribution to the achievements and results of the unit.

It is important to note that the development of primary and secondary legislation requires a full assessment of the current situation to make vital decisions related to functional responsibilities, income sources, and technical capacity of jamoats. Assessment will provide a basis for making the above decisions. At present, knowledge on the current system of governance is insufficient. Given this, it is necessary to find new approaches and to implement further reforms with regard to local authorities and local government. The new draft law should address the further decentralization of government and administrative functions, including financial decentralization.

For the practical implementation of reforms, it is necessary to implement a series of small and

medium-sized projects to study the trends occurring in the area of governance and in society, in order to determine the most appropriate strategy for decentralization. It is also important to implement a programme of education and training of civil servants. There is a need to prepare and publish educational and methodological materials for facilitating the process of improving the knowledge of local experts and government officials on issues of decentralization, local government and finance.

Reform requires time and money, implying a dependence on external funds, grants and assistance from international donors and investors. In this direction, steps are already being taken, however they can be implemented faster and more efficiently.

The economies of local government should be formed in such a way that local residents receive adequate and appropriate services. It is necessary to develop proposals on effective control and placement of facilities for social purposes, development of appropriate infrastructure, management of natural and human resources, environmental protection and social welfare of the population. In addition, attention should be paid to effective budgeting, including strategies on credit, subsidies and grants for local government. It is important to know whether new legislation is needed to implement such measures.

Activities, rights and responsibilities of public administration bodies should be determined in accordance with international human rights norms and market relationships. It is important to consider new approaches on budgeting, planning, property rights and cooperation between enterprises, local initiatives, trade on the ground and protection of civil rights.

Public authorities in the field play an important role in self-limitation of political and administrative power. The Constitution of the Republic of Tajikistan considers local authorities as public authorities with responsibility for maintaining public order.

Current legislation defines local government as a system operating independently and with responsibility for local issues, either directly or through elected representatives. Any reform of a strategic system must be accompanied by efforts to strengthen the capacity of the Executive Office of the President and ministries. Enhancing the capacity of ministries is possible only when roles and responsibilities are clearly defined and reform of the Executive Office of the President is carried out, in order to implement the required functions in the strategic system (Report on establishment of policy coordination system, November 2008).

CHAPTER 1.3. LOCAL SELF-GOVERNMENT IN THE SYSTEM OF NATIONAL DEVELOPMENT

There is a need to intensify the implementation of a local government component within the Public Administration Reform Strategy (PARS) and develop an action plan on development of a concept for improving local government, which would reflect basic principles and recommendations on improving the policy and legal framework of the local government system, and establish a sequence of activities needed for implementation.

The knowledge of the current system of local government is inadequate. Existing legislation does not provide a clear division of responsibilities and relationships between the various bodies and levels of local government, including on funding issues. In order to develop a road map for strengthening institutions of local government to provide quality services to the community and promote economic development, it is proposed to collect all the achievements to date and conduct a comprehensive assessment to identify the overlapping functions of various levels of local government. It is also important to have a complete picture of the current situation of local self-governments and potential systemic, institutional, administrative and operational obstacles and deficiencies that could compromise the further development of local self-government in the country.

Secondly, national leadership and ownership is a prerequisite for the success of any intervention in the area of local government. Implementation of PARS (component 6) and the Action Plan should be coordinated with stakeholders at the national level: the Executive Office of the President. The mandate of the Executive Office of the President in guiding and coordinating implementation of the PARS/local government reforms remains unclear, and institutional capacity in this area is inadequate. Therefore, clarification of the mandate, introduction of the institutional structure and enhancing the capacity of the Executive Office of the President should be part of any intervention in the area of local government.

Thirdly, active involvement of national and international stakeholders in the policy-making process for local government reform is a prerequisite. To ensure successful implementation of the Action Plan, it is necessary to raise awareness and strengthen the responsibility of government institutions, especially sectoral ministries, in the process of local government reform.

Finally, coordination and involvement of donors calls for strengthening and improving 'best practices' for achieving political level. International and donor organizations have provided a wide range of projects and initiatives to enhance capacity for effective management of the institutions of local government. Despite the fact that some structures operate on the ground in the coordination of local government (e.g. the Donor Coordination Council, and the working group on local government), the coordination and cooperation in this field are not sufficient.

To address these challenges, there is a need for a long-term comprehensive programme of actions. Initial steps in this direction could include:

- Streamlining the system of territorial divisions of executive bodies of state authority and their interaction with the central office and with local authorities.

- Developing a concept paper on the principles, possible approaches and the main stages of separation of powers, and functions and sources of funding between central and territorial bodies of state authority (it is advisable that the document includes a thorough analysis of alternatives and the risks associated with the separation of powers).
- Plan for gradual separation of powers, functions and sources of funding between central and territorial governments, which would take into account the results of functional reviews, changes in the structure of central and territorial departments of the executive bodies, as well as pilot projects in the area of separation of powers.
- Pilot projects in the area of separation of powers between levels of state authority and local self-government.
- Pilot projects on introduction of standards of public and municipal services provided to the population and businesses at the territorial level.
- Package of measures aimed at capacity building of territorial administrations in accordance with the planned changes in their credentials and nature of activity.

Initial steps in developing the system of administrative-territorial management are partly reflected in the “Concept on improving the public administration structure” from 2008. However, overall efforts in this direction are inadequate. In particular, further progress in this area is constrained due to delays in establishing a system of policy coordination at the central level.

CHAPTER 1.4 FINANCIAL SUPPORT FOR NATIONAL DEVELOPMENT

1. In order to improve the institutional capacity for public finance management, substantial work has been carried out since independence. National Millennium Development Goals (MDGs) have been determined, and the main directions in reforming the public sector were defined, in particular, in the fiscal sector, a number of important tasks of fiscal decentralization were identified. A Public Finance Management Strategy was developed and adopted,

and reform of the public service and remuneration system for civil servants was conducted. A

comprehensive strategy on public administration reform and practice has been developed, and as a result, the institutional status and effectiveness of decisions on state priorities and functions at the level of local authorities and local self-governments have been substantially improved, and accordingly, procedures of public finance management refined.

2. Analysis of the income of local authorities shows that funds of local authorities are largely formed from a land tax, tax from legal and physical entities, property tax, tax from motor vehicle owners, and tax for the use of roads.

3. Financing the costs of local self-government bodies are carried out exclusively through relevant regional, district and town treasuries.

4. Analysis of information on the performance of local bodies of the state as of 1 January 2010 by type of expenditure (provided in Annex 1 of the report), shows an uneven distribution of resources between public authorities. Although, it should be noted that those regions (towns and districts) that are in the worst position (with undeveloped industry), are allocated subventions from the state budget. This inequality is also corroborated by an analysis of state budget expenditures by region for the public administration sector, social insurance and social welfare, education and health.

5. Funds incoming from the state budget to the budgets of local bodies of the state in the form of subsidies are used for their intended purpose and not distributed to self-government bodies.

6. Budget cycles at local and national levels should be clearly linked and coordinated. Due attention should be paid to a uniform budget format (including the budgetary framework and statistical reporting) at all levels of public administration. The Medium-Term Expenditure Framework should be applied at the local level.

7. In order to improve national and local budgeting, there is a need to improve the level of budget preparation. The current system of public finance management, in particular, and especially at the local level of public administration and local self-government, is limited by the lack of

computerization, with all the preparation handled manually. It is therefore necessary to develop not only structures of programme budgeting, which are standardized at all levels of local government, but also an automated system of budgetary information, which is used at both central and local levels of public administration and local self-government.

8. A rigorous analysis of local budgets is needed to be carried out by the Ministry of Finance. To do this, it is necessary that the Ministry of Finance develops a well-defined financial database for all levels of public finance management.

9. A weak formation of the stabilization fund is observed in the structure of the state budget, and often funds are not allocated for the stabilization fund at all. It is recommended to consider developing a draft Law "On equalization of financial resources of local bodies of the state authority and local self-government bodies".

10. Timely review and more complete implementation of recommendations made in the framework of partnerships and strategic documents already adopted by the government (in particular, medium- and long-term recommendations identified in the Public Finance Management Strategy of the Republic of Tajikistan for 2009-2018, approved by the Decree of the President of the Republic of Tajikistan on 20 March 20, 2009).

CHAPTER 2.1. INSTITUTIONAL CAPACITY OF THE REAL SECTOR OF THE ECONOMY

In general, there have been specific developments, achievements and results in the implementation of the NDS. However, analysis of NDS implementation and achievement of strategic targets and indicators of the NDS on the production unit, and agriculture in particular, has revealed some contradictions and bottlenecks concerning key issues of an institutional nature.

To date there has been no development of the production unit as a whole system. Ongoing institutional reforms in the sphere of material production poorly correspond with parameters of the national interest.

Although the agriculture sector is regarded as an important structural element of the production unit, during implementation of the NDS mid-term programme, the sector was excluded as an institutional intersectoral management structure. Although the priority direction for the NDS – cotton farms' debt resolution – was implemented in principle, the issue of cotton farms debt before the budget, and fees for water use and electricity remained unresolved.

The effect of institutional change in the agricultural sector is limited, as in essence, democratization of society and building democratic institutions was founded on a formal basis. Therefore, agrarian reform came up against the incompleteness of democratic reforms. It is only now the institutional transformations are becoming the driver of genuine democratization.

In general, agrarian reform has had a limited impact on the agriculture sector as its underlying political agenda and implementing agencies responsible for carrying out the reforms underwent only minor changes. The existing system of agricultural management is a symbiosis between elements of the planned and market systems.

The agricultural sector has yet to reap the benefits of institutional reforms, land reforms and market infrastructure. In addition, reforms aimed at strengthening market-oriented institutions in the agricultural sector, were accompanied by growth in subsidiary production for own use. The market for rural materials and technical resources remains weak, and the market for finished products is easily saturated with selling surpluses.

The reason for the weakness of market reforms is inadequate institutional changes and low awareness of the essence of reform. The policies have changed, but public and private institutions have not. Most government institutions responsible for implementing the new policies still work on the principles of centralized planning, using administrative levers and coercion as a basis for

management and policy implementation. Local government agencies and their activities are particularly resistant to change.

A clear definition of the roles and responsibilities of government agencies is required in connection with the reform, and is the starting point for implementation of institutional changes, accompanied by supporting institutional restructuring and staff training. This will require significant participation of the donor community as institutional rules, applied before independence, are deep-rooted, with powerful forces seeking to preserve the status quo. Rural residents also should be more widely informed about the rights and opportunities provided by institutional reform. This will not only enhance their participation in the reform process, but also would reinforce institutional changes.

RECOMMENDATIONS:

- Establish an Agriculture Sector Council, headed by the Deputy Prime Minister, for a common agricultural policy and implementation of the Agricultural Reform and Rural Development Programme.
- Enhance the status of the Ministry of Agriculture in the public administration.
- Strengthen regulatory functions of the state, which must use exclusively economic methods and leverage. Exclude intervention of local authorities in the financial and economic activities of farmers.
- Consider developing agricultural cooperatives as an important task of the state and provide state support to emerging industrial and consumer agricultural cooperatives, and include it in the National Agricultural Cooperatives Development Strategy. Develop a National Agricultural Cooperatives Development Strategy for 2012-2016 and for the period to 2020.
- It is advisable to explore the possibilities for creating favourable conditions for more rational use of migrant workers remittances and development of private entrepreneurship in rural areas on cooperative principles.
- Request the Government of the Republic of Tajikistan to accelerate the process of adoption and implementation of a mechanism for recognition of certificates for the right of the use of land as collateral while applying for credit and other financial operations.
- Remove administrative barriers and other possible obstacles in the implementation process.
- Improve access to finance and microfinance for private entrepreneurship in rural areas and the generation of alternative non-agricultural sources of income.
- In summing up the activities of local bodies of executive authority and local self-government institutions, to focus on key indicators such as average per capita income, number of new jobs created, and level of investment attracted.
- Align the status of dehkan farms to the State Committee, since they do not fall under individual entrepreneur or legal entity.
- Develop concrete measures and mechanisms to simplify the tax system to allow strengthening private agricultural business and review the practice and procedure for withdrawal of Social Security Funds from members of dehkan farms without legal entity as inappropriate to social policy, and introduce the principle of presumption of innocence of the taxpayer.
- Increase public confidence in reforms, and ensure social justice in the implementation of agrarian reform; ensure the possibility of using reform measures for the personal benefit of officials does not occur.
- As the reform of the agricultural sector and development of a market for land use rights will affect the nature and extent of informal employment, foresee possible preventive stabilization, depreciation and compensatory measures to reduce social tension in rural areas.
- Support the initiative of establishing accounting payment centres for advisory services and preparation of statistical and tax reporting for business entities and individual entrepreneurs in rural areas.
- Improve the system of vocational training based on reasonable inquiries and demand for a particular

specialist.

- Raise public awareness on agrarian reforms, and strengthen public-private partnerships to develop constructive measures for formalization of employment, particularly in rural areas.
- Enhance the role, motivation and incentives for involving local communities in income-generating activities, and request the donor community to focus its support on building skills for income generation and dependency reduction.
- Discontinue the practice of the involvement of the Ministry of Land Reclamation and Water Resources in economic activity, with direct responsibility for operations and maintenance of irrigation and drainage systems.
- Ministry of Land Reclamation and Water Resources to expedite preparation and transition to the basin principle of management. Support the creation of a nationwide Water Users Association and include in its functions not only issues of water use, but also agro-technical services and agricultural marketing.
- Increase public awareness and the level of professional training of farmers through specialized trainings in agribusiness, based on interactive teaching methods and case studies.

CHAPTER 2.2. SOCIAL SECTOR AND HUMAN DEVELOPMENT.

It is important for the Republic of Tajikistan to resolve the issue of building economic institutions, including development institutions that can ensure the quality of national economic growth. At the same time, real progress is associated with the formation of economic development, in which the foundation for quality economic growth is created in the social sectors: education, science, health and culture.

In Tajikistan, economic growth is not accompanied by adequate growth in the social quality of life. Mechanisms are needed to create new opportunities and compensate potential losses from transition.

Achieving a high quality of economic growth places new demands on the quality of social services. An institutional mechanism for solving the problem is associated with the creation of opportunities and incentives for joint efforts by all levels of government, business and society.

Recommendations related to institutional solutions in implementing social policy include:

- *In the area of employment and income.* For the development of private investment it is necessary to reduce the risk of private investors through a stable fiscal and monetary and credit policy, ensuring stability of investment regimes and sound financial systems. It is also required to ensure the rule of law and take measures to combat corruption, and with it to resolve the challenge of improving the business environment. It is important to conduct a higher level of forecasting for demand and supply of labour, and the formation of incentives for local authorities to create long-term jobs. Long-term macroeconomic stability will be achieved only if the wages will increase based on growth of the productivity of labour. The national economy has substantial potential for increasing the productivity of labour, including by increasing capital endowments and more efficient use of accumulated human capital;
- *In the area of pensions and social security.* It is important to create well-functioning financial markets that facilitate accumulation of savings and investments. This is especially important for workers in the informal sector. It is necessary to create a package of mechanisms for action on the formation and development of an appropriate regulatory-legal framework and infrastructure, and macroeconomic stability. The social security system should have transparent mechanisms for evaluation of effectiveness and relevance;
- *In the field of education and health:* The state should clearly define its responsibilities in the provision of educational and healthcare services, based on the needs of the labour market and population, priorities of socio-economic policy and real opportunities to fund education and health

sectors. If the state takes on excessive obligations, then it is burdened both with an excessive load on the state budget and employers, and thus on the economy as a whole, and a proliferation of informal payment schemes for supposedly free services. It is therefore very important to clearly define the amount and composition of government-guaranteed services, the composition of persons to whom these services are delivered, as well as the conditions under which individuals can benefit from free services. At the same time, it is important to strengthen the capacity of industries through staffing and infrastructure upgrades, in order to increase not only the volume of these services, but also to implement the ability to use the benefits of technological progress. Decentralization of health and education systems with the transfer of powers to the local level must be accompanied by expansion of public participation in monitoring the quality of services provided. Effective control over the work of these institutions at the local level requires a sound regulatory framework, and an important role is played by the maturity of civil society and its involvement in the decision-making process.

- *In the area of housing and communal services.* To improve the existing situation in the housing and communal services sector, the following can be undertaken: carry out an inventory in the technical part or infrastructure of the housing and communal services, signing acts on the division of authorities, and registration of property rights; introduce a system of control over prices and tariffs for housing services, as well as for fuel and energy resources; develop the infrastructure for targeting social assistance to certain groups of the population on housing services; creation of normative, legal and infrastructural conditions for building contractual relations between owners of premises in apartment buildings, management companies and resource supplying organizations.

Implementation of programme budgeting requires considerable strengthening of the institutional capacity of social services, with an emphasis on forecasting and analytical work, including on

macroeconomic dynamics. It is important to level regional inequalities, through social aspects of regional economic policy. In Tajikistan, there is still no effective regional economic policy. In fact, a sectoral approach to territorial development dominates the modern economic policy of the republic.

A leading role in development and implementation of socio-oriented regional economic policy of the republic should be played by the Ministry of Economic Development and Trade, in cooperation with the sectoral departments and the Ministry of Finance. At the same time, within the framework of structural units of the Ministry of Economic Development and Trade, a continuously functioning system should be created for design of development schemes and deployment of productive forces, and preparation of a list of problematic regions, and social development characteristics which indicate the seriousness of the problem of employment, incomes and poverty. It is important that line ministries, on the basis of sectoral policies and priorities, but with consideration of regional capacity, contribute to creation and development of centres of economic activity, taking into account inter-regional flows and relationships, and the Ministry of Finance establishes a mechanism for financial support of problematic regions and development of inter-budgetary relations, aimed at stimulating regional economic growth and easing social tensions.

Regional development policy can be effective only if it is stimulatory rather than prescriptive. This means that the emphasis should be on the development of an institutional environment, improving the quality of public and social administration.

CHAPTER 2.3. ENVIRONMENTAL MANAGEMENT.

The adoption of laws and regulations in the field of environmental protection, without an in-depth comparative analysis of existing laws and regulations, including sectoral norms and standards,

do not deliver desired results, and in some cases create contradictions with regard to the principles of natural resource management.

Resolving the outstanding challenges in the context of relevant environmental policy requires a substantial reassessment of the institutional and economic mechanisms to regulate activities in the area of natural resource management and environmental protection. This gives rise to the need for improvement of environmental legislation and its harmonization with other laws and by-laws, as well as a system of norms, standards and requirements governing the conditions of natural resource management and public health.

It should be noted that most legal acts of the Republic of Tajikistan do not reflect the constitutional basis designed to ensure the organization of sustainable environmental management and restoration of an unpolluted environment.

Current legislation is to some extent declarative, as it is not provided with mechanisms and resources for implementing the rights of citizens in creating favourable conditions of the natural environment, while arrangements for monitoring the effectiveness of its implementation and enforcement are not sufficiently interconnected and not fully worked out.

In addition, under current circumstances, economic incentives for environmental compliance are not sufficiently used. To achieve the required goals, there is a need for comprehensive improvement of legal, institutional and economic mechanisms of regulation in the area of natural resource management and environmental protection, through integration of relevant environmental protection requirements into other sectoral legislation of local state authorities, strategic and policy documents.

Creating legal, material and financial conditions for the use of the capacity of local self-government bodies is one of the additional guarantees of the constitutional right of citizens for access to a high-quality environment.

RECOMMENDATIONS

- Assessment of existing environmental protection legislation and implementation of obligations under ratified international environmental conventions with a view to integrating their requirements into the basic and sectoral legal acts, adequacy of resource potential for their implementation, including administrative expenditures and cost of compliance with the requirements. Create single centre for implementation of action plans and monitoring the implementation of the Conventions;
- Develop and implement local action plans on environmental protection to ensure implementation framework of existing environmental policies and programmes;
- Create legal framework for preparation and procedures on discussion of draft laws and other regulations that take into account involvement of experts and the general public in the process, who have experience in implementation of existing legislation and analysis of existing problems;
- Develop provisions for improving mechanisms on implementation and attracting funding sources for environmental programmes;
- Reform of inter-ministerial committees with a view to strengthen coordination of actions in implementation of environmental policy and national strategies and plans in the area of environmental protection and sustainable use of natural resources;
- Prepare reasonable demarcating powers between competent authorities of the state and its agents in the management of environment and natural resources;
- Improve the environmental management structure at the inter-ministerial and departmental levels and excluding duplication of functions;
- In the structure of the State Committee on Environmental Protection and Forestry, build capacity for:
 - Long-term strategic planning, analysis of situation and effectiveness of decision implementation, as well as development of proposals on improving mechanisms of environmental requirements implementation;
 - Coordinating and monitoring the implementation

of concepts, strategies, programmes and environmental projects, and effectiveness of their implementation financed from national and international sources, regardless of departmental affiliation and form of ownership;

- Improve inter-ministerial and departmental coordination and streamlining of powers between relevant structures functionally responsible for organizing and carrying out environmental monitoring, data collection, data processing and reporting;
- Assess situation of natural environment in the territorial entities and capacity of local self-government institutions in implementation of environmental protection, interest of local self-governments and local communities in exercising these powers, combination of these powers with existing – at the discretion of local self-government bodies – rights and responsibilities, methods of implementation, etc. Establish optimum powers for local self-government bodies in the field of environmental protection. Identify possible sources of funding such activities.
- Adopt special laws and regulatory legal acts on delegating local self-government bodies relevant environmental practice and relevant authority with a clear delineation of competence between local self-government bodies and public authorities, as well as between specially authorized bodies. Identify sources of material and technical support and sources of funding environmental activities.
- It is advisable to create special services in the system of local self-government in view of solving complex of environmental issues and rational use of natural resources: land and water use, waste management, agricultural biodiversity, environmental education, energy efficiency etc.
- Prepare special academic methodological handbooks for training and retraining of personnel of the local authorities and local self-government bodies on initiating environmental protection activities and resource conservation at the local level.
- Legal regulation of environmental activities of local self-government institutions to develop comprehensive programmes to protect and improve the natural environment in the territorial entities.

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ANNEXES

ANNEX A. TAJIKISTAN HUMAN DEVELOPMENT INDEX DESCRIPTION.

The United Nations issued its 20th anniversary Human Development Report in 2010, entitled *The Real Wealth of Nations: Pathways to Human Development*. The report also contains the Human Development Index (HDI) for 2010 for 172 countries. For 2010 the HDI has undergone substantial adjustments. Some indicators and methods of calculating have changed, therefore, comparing the HDI 2010 with previous editions of the index are not possible in some areas. Gross National Income per capita (GNI) is used instead of Gross Domestic Product (GDP) per capita, expressed in purchasing power parity with US dollars. This very important change allows countries to take into account income from remittances and international assistance in development.

The upper limit of income (US\$ 40,000), introduced in order to establish weights for the HDI, has been cancelled in the new method of calculation, allowing for a more accurate reflection of real levels of income in index values. In the area of 'knowledge',

the 'Expected Years of Schooling Index' for school-age children is used in preference to the 'Gross Enrollment Index'; and the 'Mean Years of Schooling Index' is used instead of the 'Adult Literacy Index', thereby providing a more complete picture of levels of education, both at national and regional levels. In relation to the 'long and healthy life' dimension, the main indicator remains life expectancy at birth. The most important aspect of the new calculation methodology is that now reflects the geometric mean (rather than a simple arithmetic mean) of three measurement indicators. According to this methodology, the lowest indicator of any measurement is now directly reflected in the HDI value and suggests that, along with the fact that indicators of health, education and income are important in themselves, any changes in them must also be taken into account. Furthermore, for the 2010 report, three new statistical indicators have been introduced: 'Inequality-adjusted HDI', 'Gender Inequality Index' and 'Multidimensional Poverty Index'.

The dynamics of human development in the Republic of Tajikistan, reflects the changing economic situation of the country.

DIAGRAM 1.
Dynamics of the HDI for Tajikistan (based on the traditional calculation methodology).

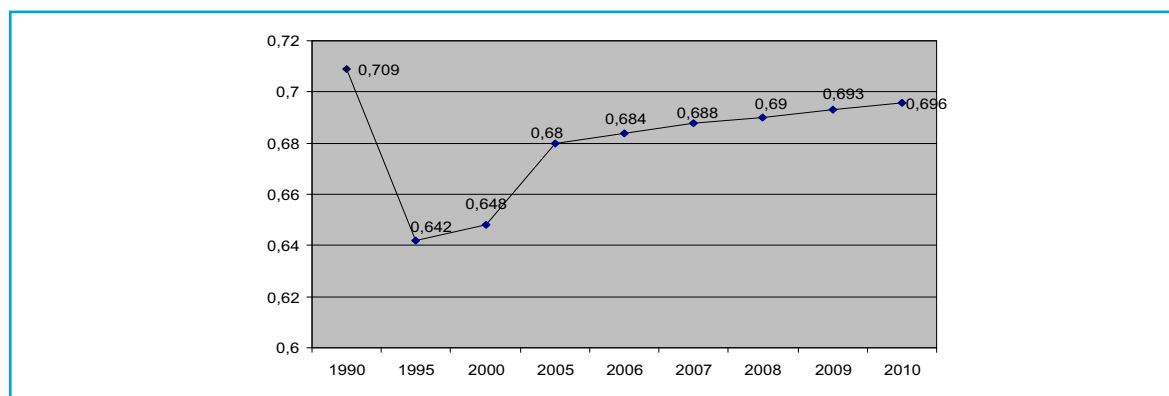
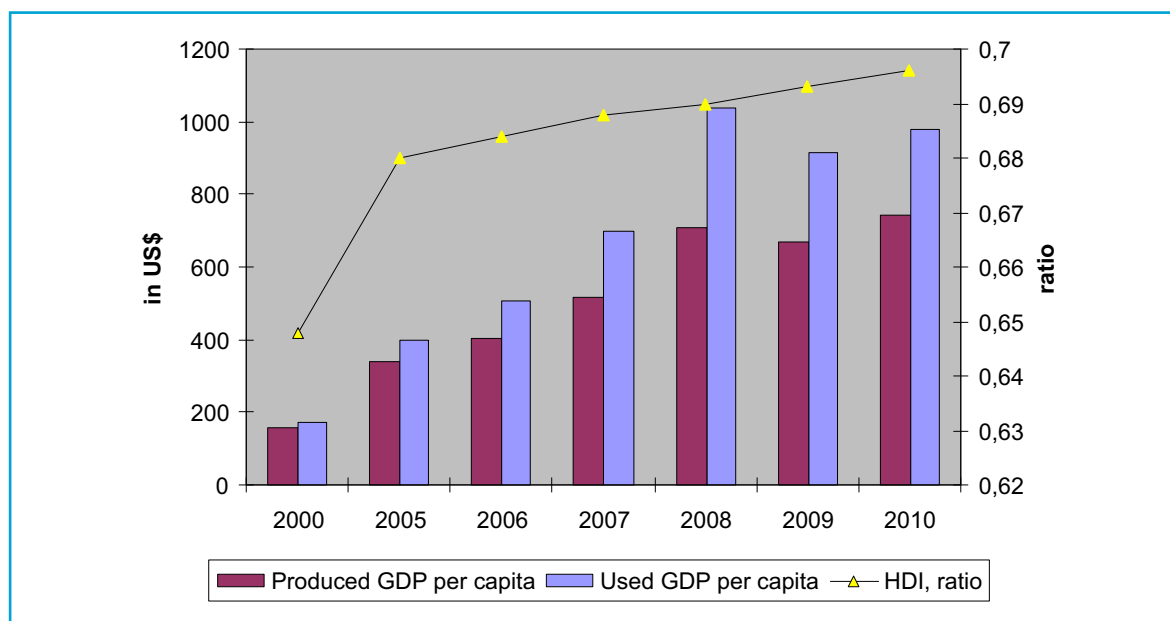


DIAGRAM 2.
GDP per capita and the HDI in the Republic of Tajikistan¹⁶



Primary data sources for the calculation of the HDI are formed on the basis of indicators of the national statistics services and research conducted by international organizations.

Insertion 1. **Sources of information for the HDI calculation**

In 2010, in the first global ranking of countries using a new and improved calculation methodology for HDI, Tajikistan was ranked in 112th place among 172 countries. However, as international agencies are constantly improving their statistical basis and the number of countries covered, the data – including values and rankings submitted in 2011 – are not comparable with those published earlier. Therefore, Tajikistan in the global ranking for 2011 was ranked in 127th place now among 187 countries, with 0.607 HDI, which corresponds to the average level of human development. Sources of information for calculation of the Human Development Index:

- Life expectancy at birth: database of the Agency on Statistics of the Republic of Tajikistan; and

United Nations Department of Economic and Social Affairs (UNDESA 2011) - the official source of estimates and projections of the UN Population Fund.

- Mean Years of Schooling: (hdr.undp.org/en/statistics), based on UNESCO data on educational attainment, using the methodology of Barro and Lee (Barro and Lee 2010). (stats.uis.unesco.org/unesco/reportfolders.aspx).
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¹⁶Source: Calculated based on Tajikistan: 20th anniversary of independence, Statistical bulletin, Dushanbe, 2011, pp.360- 365.

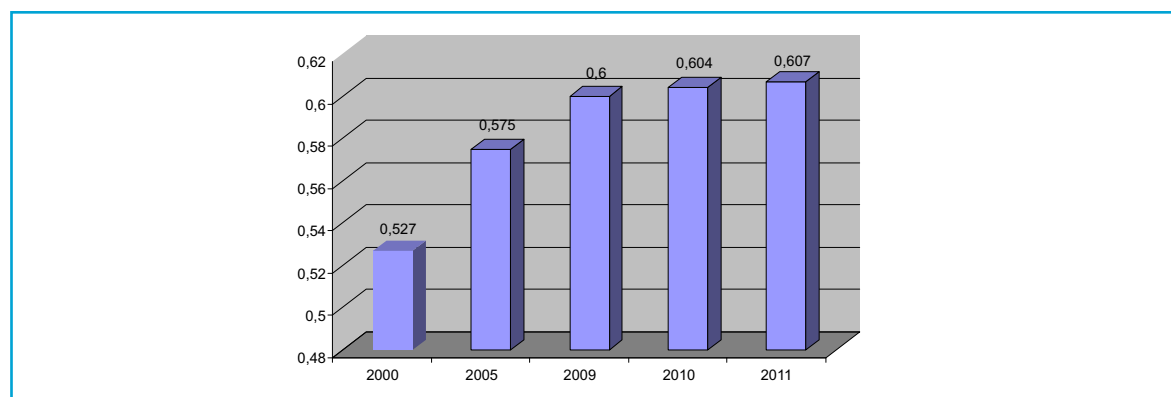
TABLE 1.1.
Ranking of Tajikistan and HDI values in 2011

	Value	Global Ranking
HDI	0.607	127
Life Expectancy Index (years)	67.5	129
Mean Years of Schooling Index (years)	9.8	52
Expected Years of Schooling (years)	11.4	123
Gross National Income per capita (PPP in US\$)	1937	147

Source: 2011 Human Development Report. *Sustainability and Equity: A Better Future for All*, published for UNDP by Publishing House Ves Mir, 2011, pp.127-130.

During a period of sustainable economic growth from 2000, the HDI of Tajikistan (data for 2000 - 2011) has grown on average by 1.3 percent annually (see Diagram 1.1 below).

DIAGRAM 1.1.
Dynamics of the HDI for Tajikistan (based on the improved calculation methodology)¹⁶



Insertion 2.
What is the peculiarity of the IHDI?

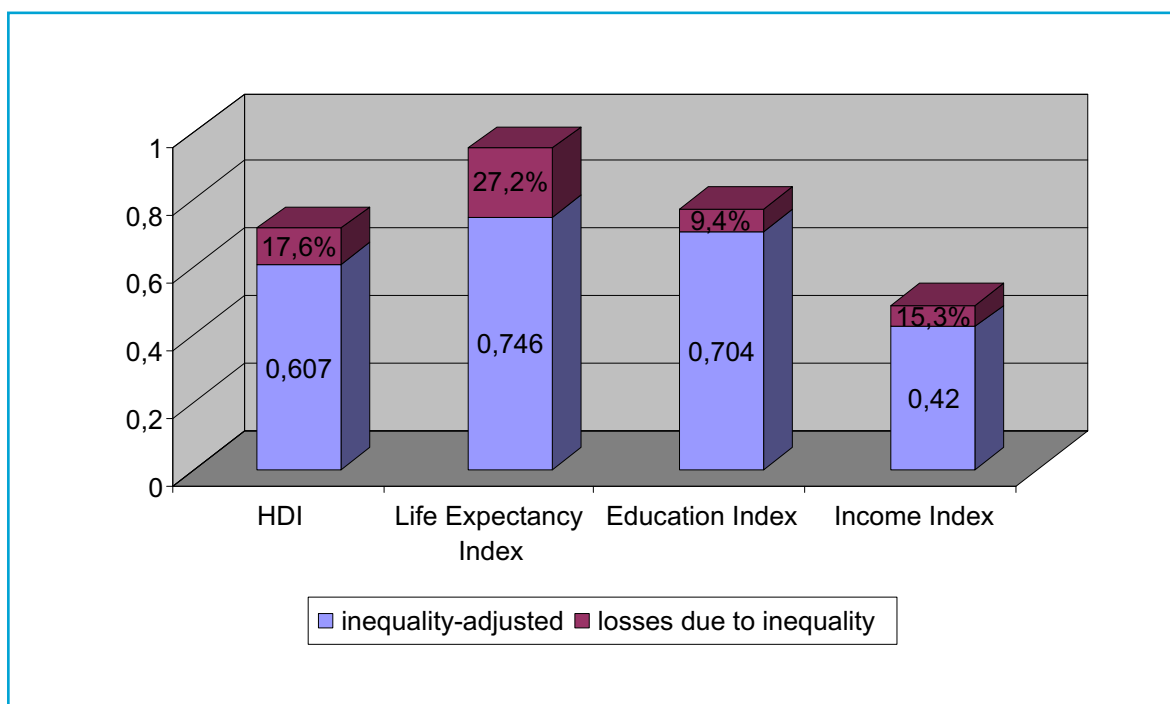
HDI can be regarded as an indicator of the potential for human development, while IHDI is the actual level of human development (taking into account unequal distribution of achievements among people in the society). IHDI will be equal to HDI when there is no inequality in the distribution of achievements between people in the society. The difference between the HDI and IHDI, expressed as a percentage, is measured by a 'loss' of potential human development due to inequality.

Source: 2010 Human Development Report. *The Real Wealth of Nations: Pathways to Human Development*

The average loss in human development due to multidimensional inequality in the country is equal to 17.6 percent. In this case, losses in the health and education are greater than in income.

¹⁷ Source: Based on 2011 Human Development Report. *Sustainability and Equity: A Better Future for All*, Published for UNDP by Publishing House Ves Mir, 2011, p.133.

DIAGRAM 3.
Inequality-adjusted HDI for Tajikistan (based on two calculation methods) (2011)¹⁷



Insertion 3.
Gender Inequality Index.

An example of inequality is gender inequality. Although there is a regulatory and legal framework for equal opportunities established in Tajikistan, as yet few achievements have been made in this direction. Evidence on continuing gender inequities are received from many different sources. For example, according to a report on gender equality (The Global Gender Gap Report 2011), which includes data from 135 countries, Tajikistan is ranked 96th.

Tajikistan has made progress in gender equality terms in the ranking of health and life expectancy, educational opportunities and the economic sphere. However, the situation is unfavourable in the area of women's participation in political life.

¹⁷ Source: Based on 2011 Human Development Report. Sustainability and Equity: A Better Future for All, Published for UNDP by Publishing House Ves Mir, 2011, p.141.

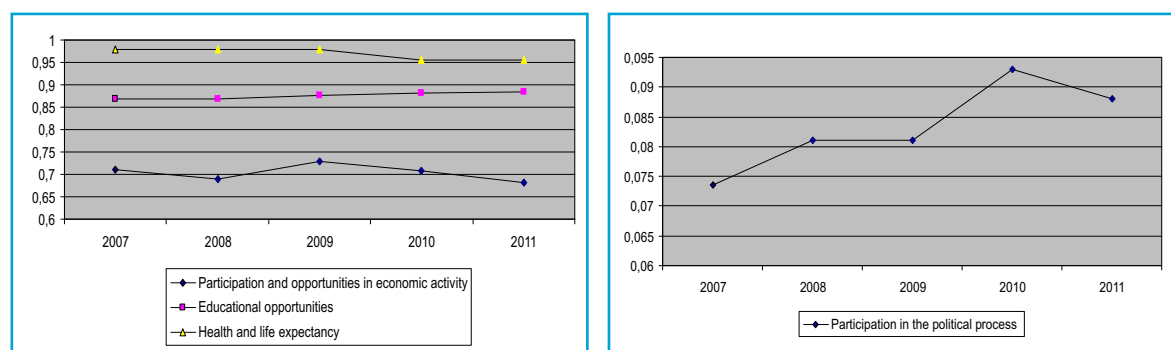
TABLE 4
Gender Inequality Index and its constituents for Tajikistan in 2011*

Gender Inequality Index	Inequality between men and women by critical areas			
	Participation and opportunities in economic activity	Educational opportunities	Participation in the political process	Health and life expectancy
0.6598	0.6827	0.8839	0.9559	0.881

*Note: "0.00" = complete inequality, "1.00" = complete equality

Tajikistan has participated in the global gender estimates since 2007. During this period a steady trend of improvement was observed only in women's access to education.

DIAGRAMS 5 AND 6
Dynamics of Gender Inequality Indices for the Republic of Tajikistan.



The Global Gender Gap Report 2007- 2011. World Economic Forum

Analysis of the HDI for Tajikistan demonstrates that the main focus of socio-economic development at the national and, especially, at the regional level, should be on: education and science, improving the quality of life, and reducing inequalities, including in relation to gender.

ANNEX B. INSTITUTIONS AND DEVELOPMENT.**1.1.1. The structure of the central bodies of executive authority of the Republic of Tajikistan****Agencies under the President of the Republic of Tajikistan:**

1. Civil Service Department under the President of the Republic of Tajikistan.
2. Agency on State Financial Control and Fight Against Corruption of the Republic of Tajikistan.
3. Drug Control Agency under the President of the Republic of Tajikistan.
4. Agency on Statistics under the President of the Republic of Tajikistan.
5. Strategic Research Centre under the President of the Republic of Tajikistan.

Government Ministries of the Republic of Tajikistan:

1. Ministry of Justice of the Republic of Tajikistan.
2. Ministry of Agriculture of the Republic of Tajikistan.
3. Ministry of Interior Affairs of the Republic of Tajikistan.
4. Ministry of Foreign Affairs of the Republic of Tajikistan.
5. Ministry of Education of the Republic of Tajikistan.
6. Ministry of Land Reclamation and Water Resources of the Republic of Tajikistan.
7. Ministry of Labour and Social Protection of the Republic of Tajikistan.
8. Ministry of Finance of the Republic of Tajikistan.
9. Ministry of Defence of the Republic of Tajikistan.
10. Ministry of Transport of the Republic of Tajikistan.
11. Ministry of Economic Development and Trade of the Republic of Tajikistan.
12. Ministry of Health of the Republic of Tajikistan.
13. Ministry of Culture of the Republic of Tajikistan.
14. Ministry of Energy and Industry of the Republic of Tajikistan.

State Committees of the Republic of Tajikistan:

1. State Committee on National Security of the Republic of Tajikistan.
2. State Committee on Land Management and Geodesy of the Republic of Tajikistan.
3. State Committee on Investments and State Property Management of the Republic of Tajikistan.

Committees and other bodies under the Government of the Republic of Tajikistan:

1. Tax Committee under the Government of the Republic of Tajikistan.
2. Committee on Women Affairs and Family under the Government of the Republic of Tajikistan.
3. Committee on Youth Affairs, Sport and Tourism under the Government of the Republic of Tajikistan.
4. Committee on Television and Radio under the Government of the Republic of Tajikistan.
5. Committee on Emergency Situations and Civil Defence under the Government of the Republic of Tajikistan.
6. Committee on Environmental Protection under the Government of the Republic of Tajikistan.
7. Customs Service under the Government of the Republic of Tajikistan.
8. Anti-monopoly Agency under the Government of the Republic of Tajikistan.
9. Agency on Construction and Architecture under the Government of the Republic of Tajikistan.
10. Agency on Standardization, Metrology, Certification and Trade Inspection under the Government of the Republic of Tajikistan.
11. Communications Service under the Government of the Republic of Tajikistan.
12. Migration Service under the Government of the Republic of Tajikistan.
13. Main Department of Archive under the Government of the Republic of Tajikistan.
14. Main Department of Geology under the Government of the Republic of Tajikistan.
15. Main Department of the State Inspection of Activities in Industry and Mining under the Government of the Republic of Tajikistan.
16. Main Department of Protection of State Secrets under the Government of the Republic of Tajikistan.

Other central bodies of the state in the Republic of Tajikistan:

1. Security Council of the Republic of Tajikistan.
2. Justice Council of the Republic of Tajikistan.

1.1.3. Suggestion on redistribution of government functions

Local authorities should be fully responsible for maintenance of nurseries, kindergartens, and the management policy of pre-school institutions should be shaped by the central government. Three high-level management bodies control primary, secondary and higher education; while public universities are administered by the central government, large universities and institutes are managed by regional government, and colleges and specialized educational institutions are administered by the city and district governments. Primary health care is managed by city, district and local governments.

Large hospitals and clinics are administered by a superior body of the government.

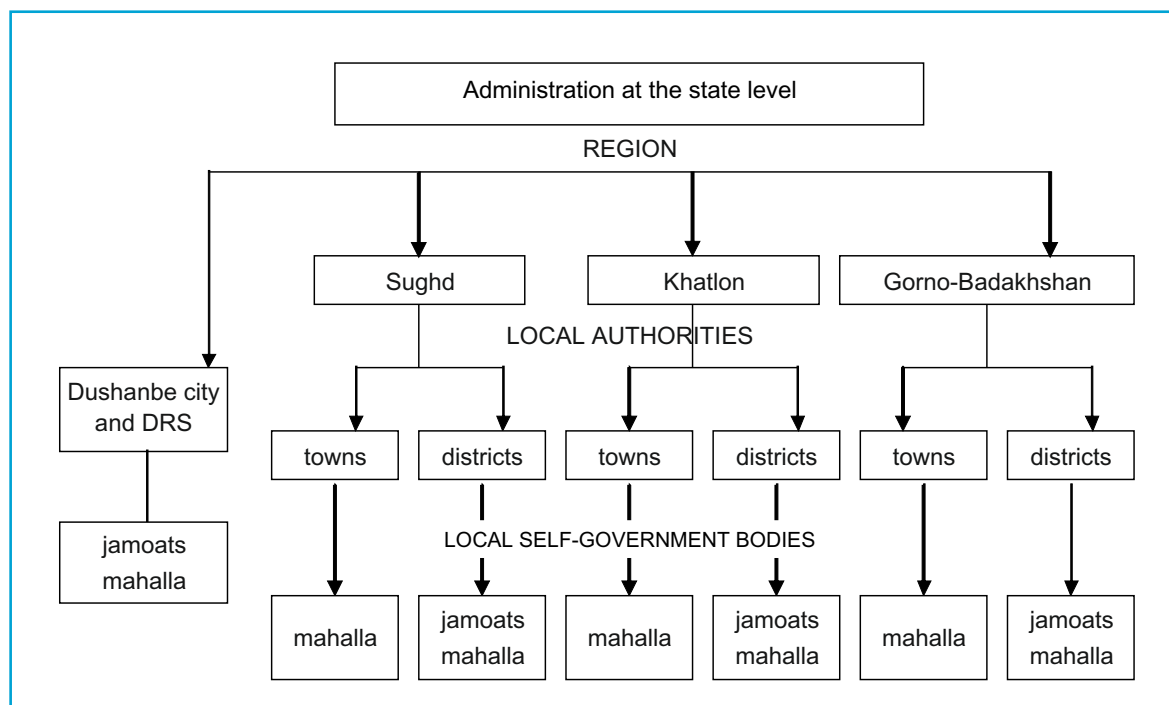
Providing social support to the elderly, persons with disabilities, and aggrieved families should be managed by local government bodies, as well as city and district governments.

Individual independent joint stock companies or private companies should deal with the supply of electricity and gas.

Street cleaning, waste disposal and waste collection should be included in the functions of cities, districts and local government authorities.

The development of sports facilities and libraries should be under the jurisdiction of local government authorities. Financial support should be provided to by local government bodies.

1.1.2. The government structure in the Republic of Tajikistan



Functions	Governance Levels				
	Central	Regional	District	Local	Other bodies
1. Education					
1.1 Nursery	+			+	
1.2 Kindergartens	+			+	
1.3 Primary	+	+	+	+	
1.4 Secondary	+	+	+	+	
1.5 Secondary Special	+	+	+		
1.6 High	+	+	+		
1.7 Other	+	+	+	+	
2. Public health					
2.1 Primary health care			+	+	
2.2 Clinics	+	+	+		
2.3 Hospitals	+	+	+		
2.4 Health protection	+				
3. Social protection					
3.1 Assistance to the elderly and persons with disabilities			+	+	
3.2 Support to aggrieved families			+	+	
3.3 Social insurance	+				
3.4 Pension	+	+	+	+	
4. Housing and communal services					
4.1 Water			+	+	
4.2 Energy					+
4.3 Natural gas					+
4.4 Sewerage				+	

1.1.4. Basic principles of local self-government

Principle of political equivalence. Electors, who are directly affected by political measures and regulations, should make decisions based on their opinions. This means that an appropriate territorial unit, along with the elected bodies, should be autonomous in its decisions so that elected bodies are accountable to voters of the territory under their administration.

Principle of fiscal equivalence and responsibility. Decisions about public spending should be made at the level of public administration which is responsible for the task. Therefore, an administrative unit should have sufficient revenue sources to allow it to make decisions on financing its tasks and enabling it to take responsibility for financing, including the opportunity for debt and of transferring funds to other budgets. If the implementation of tasks is deferred to a lower level, the government and parliament should provide sufficient resources for territorial self-government or enough funding through transfers from the state budget (and done in a timely manner, not only in case of emergencies or crises).

Principle of subsidiarity. The highest administration unit should undertake tasks only when it is assured that the lowest administration unit is unable to perform the task effectively.

Principle of non-distribution of responsibilities. Political and administrative responsibilities should be defined and assigned, so that the competencies of individual levels of public administration do not overlapped, or the tasks should not be distributed between public administration and territorial self-governments.

Principle of compensation for adverse effects of production. If the decision of one administrative unit will have serious consequences for another unit, whether positive or negative, there should be a mechanism for compensation to cover losses or profits through privileges or for the affected unit.

Expenditure commitments to local government authorities are defined in the following way:

Local land issues: The main activity of local government authorities is the development of land use in their respective areas, towards the promotion of economic development and improvement of the quality of life of their citizens. This should be continued as a binding function of local authorities, which implies that they should prepare a master plan for land use and appropriate rules for its implementation.

Public utilities: The existing procedure for public utilities provided by local government authorities is concerned with the supply of gas, and waste collection. There must be binding functions of local authorities at city and district levels in accordance with the norms of financing from higher levels, to ensure adequate conditions for the operation of these services. This should be a part of the calculation of national subsidy, in case local authorities do not have sufficient resources to provide the necessary level of services.

Local environmental issues: A mandate on the development of local rules on the environment should be delegated to local government authorities to ensure that dangerous or destructive impacts on the environment within their territories do not occur. Local authorities should develop environmental regulations, which would then be reviewed and approved at the state level to ensure that environmental issues are addressed appropriately. Local authorities should ensure an appropriate level of inspection of the local environment related to air, land and water quality, and their compliance with national environmental standards.

Water supply: Local government authorities must be responsible for the clean water supply, with sufficient quantities provided and the quality of water monitored for the purposes of public health. Management of the water supply needs to be divided between the local and state level, so that the water supply system is maintained in a safe

condition and diseases are prevented. Maintenance costs related to the clean water supply should be envisaged within the scheme of all public transfers.

Development of mineral resources: Some regions of Tajikistan possess mineral resources, which are used for commercial purposes. These resources include coal, oil, gas, salt, gold and precious stones. Development and use of mineral resources should be under the responsibility of the national level and delegated to relevant ministries to control exploitation of these natural resources. Incomes gained must be divided between the national and local government authorities. International experience suggests that resources are common for all people of the country, not solely for the profit of specific communities where resources are located.

Local construction: Planning for construction of local infrastructure, such as water and sewer facilities, schools, and hospitals must be within the authority of local government authorities. Funding for construction is usually beyond the financial capacities of local authorities and therefore, financing should be a joint responsibility of local and higher-level bodies of the government. The planning cost has to be included within general public transfers, but the actual financing of projects should be based on the plan of financing infrastructures through subsidies developed separately from the general public transfers.

Public transport, including road maintenance: The provision of local transport services is a mandatory function of local authorities and should be financed as much as possible from local financial sources within the territory of the local authority. Providing transport services between population settlements is a function of higher levels of government and funding should come from their sources. In order to ensure the division of responsibilities, transport services and roads should be designated as either local or regional duties and financing should derive from the relevant level of government.

Post offices, radio and telephone communications: Communication services are solely a function of the national level and local government authorities should not be responsible for rendering these services or funding them within their localities. At present, state ministries perform this function. Local authorities do not make salary payments or payments to local postal employees, however, it may be the case that when there is a need for repair of buildings, which cannot be funded by the Communications Service, local authorities may fund from own budgets.

Electricity supply: As with other public utilities, such as water and gas, and energy in the form of electricity should be provided by local authorities. Costs for proper funding of these services must be divided between local and national levels of government.

Local markets: Markets are the responsibility of the local authority and this function must be performed within local regulations which define the territory and services of local markets. Although local authorities have to provide conditions for sale of consumer goods, clothes and other goods to local markets, the actual management and running of markets should be handed over to private contractors or private firms under local regulations and with fees for the use of public places.

Licenses for trading activity: Licensing is a function of local government authorities. Generally, the state level sets certain types of trading activity and receives payments for engagement in them in the form of patent taxes. International practice suggests that only local authorities should set the rates for trade and payment. As the existing patent taxes are collected by local authorities, there is a justification at the state level, that these trade lists and payments are fully under the competence of a local Council of people's representatives and that they are developed by local tax commissions.

Pre-school establishments, schools and boarding schools: The provision of public schools is a joint operation of the local and state levels. The functioning of local schools should be within the power of local authorities, but must be in line with national standards for programmes and qualifications of teachers. The construction of facilities for local schools should be split between the local and state levels based on the financial implications. Only the maintenance and functioning of schools, the teachers' salaries, and school staff and utilities costs should be included in the total subsidy aimed specifically for schools, not within the plan of national transfers.

Libraries: Libraries are a voluntary function of local government authorities. The costs for library services can be unified into the plan of national transfers for allocation of funds to local communities.

Hospitals: Local government authorities must provide local clinics and these costs should be combined into a separate plan of transfers for health care, similar to the system of subsidies for the education sector. The local authority on a voluntary basis can finance hospitals from local sources, as well as receive financial aid from regional and state levels to provide citizens with appropriate access to hospital health services within the region.

Employment centres: Employment centres should be funded by the Ministry of Labour and Social Protection, and must be the duty of local government authorities. International experience shows that unemployment and vocational training are the functions assigned to the high levels of government authorities and local resources are insufficient to fund these services. Local authorities may take responsibility for providing temporary jobs within the scope of their funds. There are no local funds used for the operation of employment centres.

Pensions and other social benefits: The provision of pensions and other social benefits is a duty of the state level, assigned to the Ministry of Labour and

Social Protection. Currently, the only service delivered by local authorities is to help pensioners who have not received their pensions through contacting the pension fund. Local authorities are responsible for contributing to the pensions of employees through the payroll.

Protection of public order and safety: The protection of public order and safety is provided at the state level through police and security forces. Until 1999, local government authorities were responsible for payment of the costs of local police, however, now this is the responsibility of the Ministry of Interior. Local authority responsibilities are only for fire services. This function must be preserved at the local level with the full funding by local government bodies.

Defence: Commitment of expenditures include 'defence', however, this refers mainly to civil defence and preparedness for emergency situations, rather than a commitment of expenditures for overall defence. The costs should be clearly defined as civil defence and preparedness for emergency situations and designated as a function of local authorities.

Agriculture: The costs for agriculture relate to local veterinary services and inspection, and should remain as a function of local authorities, covered from local revenue sources.

Fire Department: Fire services are currently implemented by local authorities, but should be defined as an obligatory responsibility, financed from local resources and included as part of overall public transfers. Funds should be separately determined and services should not be included under the function of 'Protection of public order and safety'.

Street cleaning and waste collection: This service is currently rendered by local government authorities, and should be a mandatory function, financed from local budgets, and being part of overall public transfers.

Sports/cultural facilities: Local sports facilities, theatres, museums and libraries should be defined as a voluntary function of local government authorities, and financed from the local budget (with the condition of including them into the plan of public transfers).

Housing: Local government authorities must ensure maintenance of the overall housing fund within their own resources and from the plan of national transfers. Construction of new residential buildings

must be a joint financial responsibility of local, regional and state levels through the establishment of a separate fund for housing construction at the national level.

Primary health care: Local government authorities must deliver outpatient services through local clinics, separately from providing in-patient services. Financing the clinics should come from a separate fund, but not as a part of the national transfers plan.

1.4.1. Information on budget execution of local bodies of the state in Tajikistan, as of 1 January 2010 by types of expenditure (%).

Items	State	GBAO*	Khatlon region	Sughd region
1. Tax from individuals	19.3	0.13	16.8	21.6
2. Income tax from legal entities	4.9	0.54	2.59	8.44
3. Minimum income tax from enterprises	4.3	0.67	5.3	5.06
4. Real assets tax	4.1	0.62	3.95	4.8
5. Land tax from legal entities	0.7	0.86	0.52	0.9
6. Land tax from individuals	1.1	0.84	1.67	1.07
7. Single tax	5.2	0.87	7.08	8.6
4.1.3. Retail trade tax	5.8	1.41	4.01	6.5
4.2.1. Value-added tax	11.5	2.01	10.7	12.7
4.2.3. Tax for using motor roads	10.3	1.13	3.65	7.7
4.3.1. Simplified tax	1.8	0.82	1.39	2.33
5.1. Internal excises	1.2	0.0	0.18	2.8
7.1.2. Tax from transport holders	3.3	1.31	1.94	4.8
7.1.3. Tax from exploitation of minerals	1.7	0.0	0.29	5.12
7.1.5. State duty	3.4	0.69	3.37	4.08
V. Other non-tax incomes	3.4	1.32	2.16	3.5
Free balance of resources	0.0	0.0	0.0	0.0
Subventions from the state budget	18.0	86.9	34.4	0.0
Resources received from the state under netting	0.0	0.0	0.0	0.0
Loan from the state budget	0.0	0.0	0.0	0.0
Functions of the capital (Dushanbe city)	0.0	0.0	0.0	0.0
All incomes	100.0	100.0	100.0	100.0

* Gorno-Badakhshan Autonomous Oblast

1.4.2. Information on budget execution of local bodies of the state in Tajikistan, as of 1 January 2010 by types of expenditures (%)

Items	Republic	GBAO*	Khatlon region	Sughd region
1. Public administration sector, including:	6.68	14.49	7.78	6.99
1.1. Executive bodies of the state authority	6.68	14.49	7.78	6.99
1.2. Referendums and elections	0.0	0.0	0.0	0.0
2. Defence	-	-	-	-
3. Law-enforcement agencies	-	-	-	-
4. Education	48.04	52.19	60.46	54.2
5. Public health	17.58	19.69	19.36	22.32
6. Social insurance and social protection, including:	1.6	1.41	2.15	2.12
6.1. Other payments to the population (compensation)	1.0	0.41	1.56	1.12
6.2. Compensation to veterans of Chernobyl tragedy	0.2	0.45	0.59	0.0
6.3. Social protection, Medico-labour expert committee (MLEC)	0.4	0.55	0.0	1.0
7. Housing and communal services	19.4	1.44	9.94	5.53
8. Culture, including:	2.44	4.62	8.14	2.12
8.1. Physical training and sport	0.55	0.27	0.46	0.1
8.2. Cultural mass events	1.89	4.35	7.68	2.02
9. Land reclamation expenditure	0.25	0.0	0.69	0.28
10. Veterinarian services	0.46	1.22	0.5	0.54
11. Construction organizations	0.09	0.0	3.64	4.66
12. Transport and communications	2.29	0.05	0.22	0.75
13. Other production activities and services	0.0	0.0	0.0	0.0
14. Chairperson's reserve fund	0.43	0.1	0.34	0.49
15. Other expenditure	0.74	4.89	0.0	0.0
16. Resources sent to the Stabilization Fund	0.0	0.0	0.0	0.0
17. Loans pay off from the state budget	0.0	0.0	0.0	0.0
All expenditure	100.0	100.0	100.0	100.0

* Gorno-Badakhshan Autonomous Oblast

1.4.3. Budget of expenditure of jamoats of Bokhtar district in Khatlon region of Tajikistan in 2011 (Somoni 000s)¹⁸

№	Items	Names of <i>jamoats</i> in Bokhtar district							
		Zargar ¹⁹	I.Somoni	Buston-Qala	Bokhtariyon	Mehnatobod	Navbahor	Oriyon	Istiqlol
1	Salary expenditure	79.4	74.5	69.0	42.5	74.4	76.9	90.4	87.3
2	Procurement of goods and services	20.0	19.5	7.1	53.8	22.2	20.8	8.8	10.5
3	Communal services (electricity, gas, heating, water and waste disposal)	0.6	2.5	11.2	2.0	2.1	1.5	0.8	1.9
4	Repair and maintenance of buildings	0.0	1.9	0.0	1.7	0.6	0.0	0.0	0.3
5	Communication costs	0.0	1.6	0.0	0.0	0.7	0.8	0.0	0.0
6	Total	100.0	100.0	87.3 ²	100.0	100.0	100.0	100.0	100.0

2.1.1. Use of investments by the State Investment Programme, by sources of funding, 2010

Sector/Project	Number of projects	Project Cost		Source of Funding	
		(US\$ 000s)	%	internal	external
Economic Management	8	95,180.90	1.87	2,202.00	92,978.90
Agriculture	8	44,449.00	0.87	3,355.00	41,094.00
Irrigation and rural water supply	1	14,173.82	0.28	1,173.82	13,000.00
Water supply and urban sewerage system	12	50,694.50	1.00	2,407.50	48,287.00
Energy	32	4,713,704.00	92.79	12,130.00	4,701,574.00
Transport	7	47,258.90	0.93	5,869.90	41,389.00
Education	8	43,638.05	0.86	176.05	43,462.00
Healthcare	8	61,229.93	1.21	0.00	61,229.93
Multi-sector and other sectors	11	9,748.00	0.19	0.00	9,748.00
Total	95	5,080,077.10	100.0	27,314.27	5,052,762.83

Source: State Investments, Grants and Capital Construction Programme for 2010-2012, p. 13.

¹⁸ Calculations are based on data received from the Ministry of Finance of the Republic of Tajikistan.

¹⁹ There is no unified form for the budget of expenditures. In particular, the budget of expenditures of Zargar jamoat differs from other local self-government bodies.

2.1.2. Sources of funding (US\$ 000s).

Sources	2010	2011	2012	Total for 2010-2012
External funding	301,500.85	497,609.04	463,095.98	1,262,205.87
Credit	281,250.83	487,201.22	460,331.58	1,228,783.63
Grant	20,250.02	10,407.82	2,764.4	33,422.24
Internal funding	21,258.54	41,505.75	44,953.63	107,717.92
Budget	11,969.24	41,505.75	44,953.63	98,428.62
Other sources	9,289.3	0	0	9,289.3
Total	322,759.39	539,114.79	508,049.61	1,369,923.79

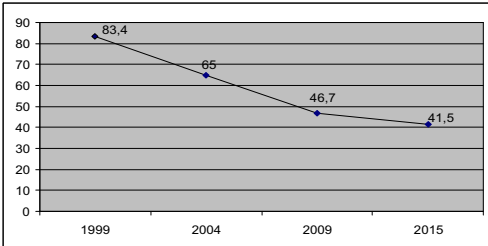
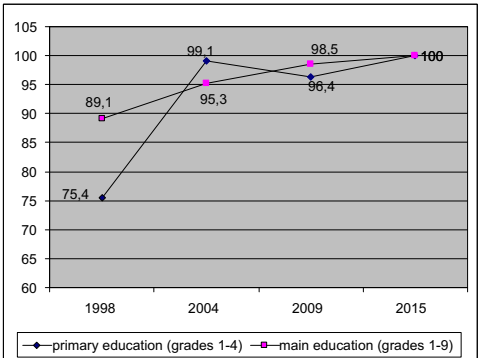
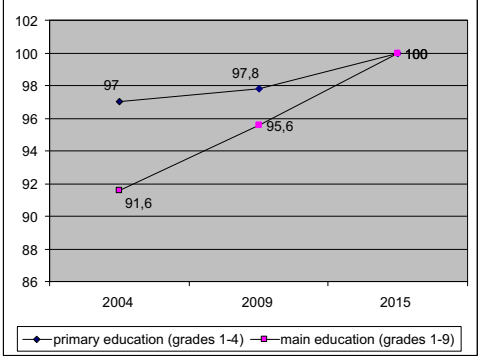
Source: *State Investments, Grants and Capital Construction Programme for 2010-2012*, p. 15.

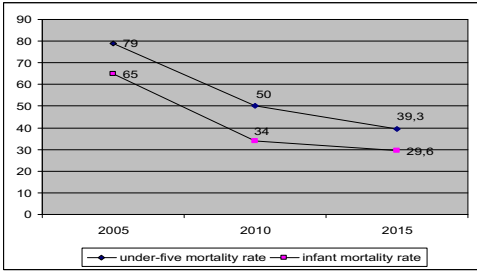
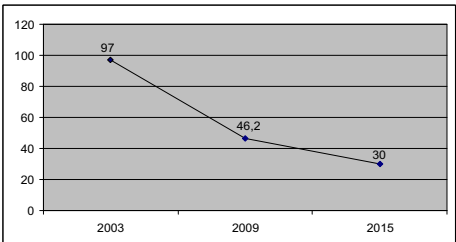
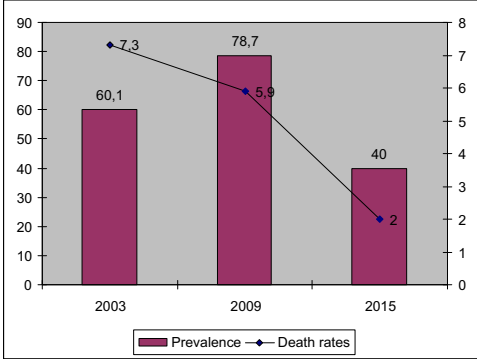
2.1.2. Grants distribution and Technical Assistance Programme.

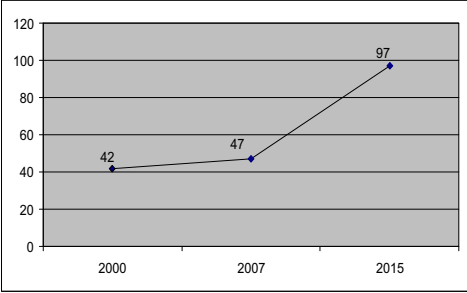
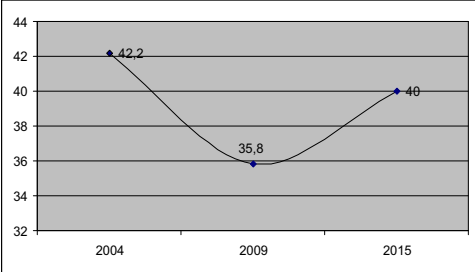
№	Sources of funding	Number of projects	Total cost of projects	Share of the project in the portfolio (%)
1	World Bank	28	206,029.94	11.12
2	Asian Development Bank	17	362,437.6	19.56
3	Islamic Development Bank	9	111,400.62	6.01
4	Kuwait Fund for Economic Development	3	27,800.00	1.50
5	Saudi Fund for Development	2	21,980.00	1.19
6	OPEC Fund	5	36,350.00	1.96
7	European Bank for Reconstruction and Development	7	19,839.00	1.07
8	Eximbank of PRC	6	703,552.00	37.96
9	Government of Iran	2	31,200.00	1.68
10	Government of Switzerland	6	23,936.38	1.29
11	KfW	2	54,596.00	2.95
12	Government of France	1	23,460.00	1.27
13	Stocks of the Government of the Republic of Tajikistan	31	127,591.38	6.88
14	Others	60	103,226.3	5.56
	TOTAL	179	1,853,339.25	100.00

Source: *State Investments, Grants and Capital Construction Programme for 2010-2012*, p. 24.

2.2.1MDGs benchmarks and activities for Tajikistan.

Targets of the Millennium Declaration	Illustrations of progress on indicators	Orientation of actions and reforms															
<p>Goal 1. Eradicate extreme poverty and hunger</p>	<p>Poverty reduction dynamics (%)</p>  <table border="1"> <caption>Poverty reduction dynamics (%)</caption> <thead> <tr> <th>Year</th> <th>Poverty reduction (%)</th> </tr> </thead> <tbody> <tr> <td>1999</td> <td>83.4</td> </tr> <tr> <td>2004</td> <td>65</td> </tr> <tr> <td>2009</td> <td>46.7</td> </tr> <tr> <td>2015</td> <td>41.5</td> </tr> </tbody> </table>	Year	Poverty reduction (%)	1999	83.4	2004	65	2009	46.7	2015	41.5	<p>Development and implementation of strategic poverty reduction programmes, development of industries and employment, initiation of living standards surveys and monitoring of poverty.</p>					
Year	Poverty reduction (%)																
1999	83.4																
2004	65																
2009	46.7																
2015	41.5																
<p>Goal 2. Achieve universal primary education</p>	<p>Enrolment ratio dynamics (%)</p>  <table border="1"> <caption>Enrolment ratio dynamics (%)</caption> <thead> <tr> <th>Year</th> <th>Primary education (grades 1-4) (%)</th> <th>Main education (grades 1-9) (%)</th> </tr> </thead> <tbody> <tr> <td>1998</td> <td>75.4</td> <td>89.1</td> </tr> <tr> <td>2004</td> <td>99.1</td> <td>95.3</td> </tr> <tr> <td>2009</td> <td>96.4</td> <td>98.5</td> </tr> <tr> <td>2015</td> <td>100</td> <td>100</td> </tr> </tbody> </table>	Year	Primary education (grades 1-4) (%)	Main education (grades 1-9) (%)	1998	75.4	89.1	2004	99.1	95.3	2009	96.4	98.5	2015	100	100	<p>Emphasis on education among priority sectors in the strategic documents of Tajikistan, development and implementation of strategic programmes on development of education system, conducting national census of schools, implementation of target programmes (for example, computerization of schools), introduction of per capita financing</p>
Year	Primary education (grades 1-4) (%)	Main education (grades 1-9) (%)															
1998	75.4	89.1															
2004	99.1	95.3															
2009	96.4	98.5															
2015	100	100															
<p>Goal 3. Promote gender equality and empower women</p>	<p>Girls enrollment ratio dynamics, %</p>  <table border="1"> <caption>Girls enrollment ratio dynamics, %</caption> <thead> <tr> <th>Year</th> <th>Primary education (grades 1-4) (%)</th> <th>Main education (grades 1-9) (%)</th> </tr> </thead> <tbody> <tr> <td>2004</td> <td>97</td> <td>91.6</td> </tr> <tr> <td>2009</td> <td>97.8</td> <td>95.6</td> </tr> <tr> <td>2015</td> <td>100</td> <td>100</td> </tr> </tbody> </table>	Year	Primary education (grades 1-4) (%)	Main education (grades 1-9) (%)	2004	97	91.6	2009	97.8	95.6	2015	100	100	<p>Developing a package of normative and legislative acts to promote gender equality, including the National Action Plan of the Republic of Tajikistan on Enhancing the status and role of women for the period 1998-2005, State Programme "Basic directions of the state policy to ensure equal rights and opportunities for men and women in the Republic of Tajikistan for the period 2001-2010", National Strategy on reinforcing role of women in the Republic of Tajikistan for the period to 2020, introduction of courses on gender policy in the education system</p>			
Year	Primary education (grades 1-4) (%)	Main education (grades 1-9) (%)															
2004	97	91.6															
2009	97.8	95.6															
2015	100	100															

<p>Goal 4. Reduce child mortality</p>	<p>Child mortality rate (per 1,000 live births)</p>  <table border="1"> <thead> <tr> <th>Year</th> <th>Under-five mortality rate</th> <th>Infant mortality rate</th> </tr> </thead> <tbody> <tr> <td>2005</td> <td>79</td> <td>65</td> </tr> <tr> <td>2010</td> <td>50</td> <td>34</td> </tr> <tr> <td>2015</td> <td>39.3</td> <td>29.6</td> </tr> </tbody> </table>	Year	Under-five mortality rate	Infant mortality rate	2005	79	65	2010	50	34	2015	39.3	29.6	<p>Reflection of healthcare sector priorities in the National Development Strategy of the Republic of Tajikistan for the period to 2015, Poverty Reduction Strategy, development and implementation of the National Health Strategy of the Republic of Tajikistan for 2010 -2020, support for the implementation of target programmes on health, ensuring gradual transition to per capita financing</p>
Year	Under-five mortality rate	Infant mortality rate												
2005	79	65												
2010	50	34												
2015	39.3	29.6												
<p>Goal 5. Improve maternal health</p>	<p>Maternal mortality ratio (per 100,000 live births)</p>  <table border="1"> <thead> <tr> <th>Year</th> <th>Maternal mortality ratio</th> </tr> </thead> <tbody> <tr> <td>2003</td> <td>97</td> </tr> <tr> <td>2009</td> <td>46.2</td> </tr> <tr> <td>2015</td> <td>30</td> </tr> </tbody> </table>	Year	Maternal mortality ratio	2003	97	2009	46.2	2015	30	<p>Developing a package of conceptual actions within the Reproductive Health Strategic Plan for the period to 2014, National Action Plan on Safe Motherhood for the period to 2014, Programme on access to safe abortion and quality post-abortion care for the period to 2015, Concept of State Demographic Policy in the Republic of Tajikistan for 2003-2015.</p>				
Year	Maternal mortality ratio													
2003	97													
2009	46.2													
2015	30													
<p>Goal 6. Combat HIV/AIDS, malaria and other diseases</p>	<p>Prevalence and death rates associated with tuberculosis (per 100,000 people)</p>  <table border="1"> <thead> <tr> <th>Year</th> <th>Prevalence</th> <th>Death rates</th> </tr> </thead> <tbody> <tr> <td>2003</td> <td>60.1</td> <td>7.3</td> </tr> <tr> <td>2009</td> <td>78.7</td> <td>5.9</td> </tr> <tr> <td>2015</td> <td>40</td> <td>2</td> </tr> </tbody> </table>	Year	Prevalence	Death rates	2003	60.1	7.3	2009	78.7	5.9	2015	40	2	<p>Development and implementation of programmes aimed at enhancing universal access to timely diagnosis, specialized programmes on prevention and treatment of HIV/AIDS, tuberculosis, malaria. Advocacy and educational outreach conducted.</p>
Year	Prevalence	Death rates												
2003	60.1	7.3												
2009	78.7	5.9												
2015	40	2												

<p>Goal 7. Ensure environmental sustainability</p>	<p>Access of rural population to safe water (%)</p>  <table border="1"> <thead> <tr> <th>Year</th> <th>Access of rural population to safe water (%)</th> </tr> </thead> <tbody> <tr> <td>2000</td> <td>42</td> </tr> <tr> <td>2007</td> <td>47</td> </tr> <tr> <td>2015</td> <td>97</td> </tr> </tbody> </table>	Year	Access of rural population to safe water (%)	2000	42	2007	47	2015	97	<p>The National Action Plan of the Republic of Tajikistan for climate change mitigation is developed, adopted and currently implemented. In addition, the following papers are approved and being implemented: Food Security Programme for the period to 2015, Decree on measures to improve ameliorative condition of irrigated agricultural lands for 2010-2014, Programme on reconstruction of hydro-meteorological stations for 2007-2016, National Programme for Phasing Out Ozone-Depleting Substances, National Strategy and Action Plan on Conservation and Sustainable Use of Biodiversity.</p>
Year	Access of rural population to safe water (%)									
2000	42									
2007	47									
2015	97									
<p>Goal 8. Develop a global partnership for development</p>	<p>Volume of external debt (% to GDP)</p>  <table border="1"> <thead> <tr> <th>Year</th> <th>Volume of external debt (% to GDP)</th> </tr> </thead> <tbody> <tr> <td>2004</td> <td>42.2</td> </tr> <tr> <td>2009</td> <td>35.8</td> </tr> <tr> <td>2015</td> <td>40</td> </tr> </tbody> </table>	Year	Volume of external debt (% to GDP)	2004	42.2	2009	35.8	2015	40	<p>A mechanism is established on cooperation with international organizations, actions to improve investment climate, development of export strategy, ensuring transparency of reporting on external debt.</p>
Year	Volume of external debt (% to GDP)									
2004	42.2									
2009	35.8									
2015	40									

Source: Millennium Development Goals: Tajikistan Progress Report, Dushanbe, 2010.

2.2.2. Importance of demographic estimates.

If demographic trends are looked at as a burden for the economy, as a factor of pressure on the labour market, and a risk factor, then the current government policy on liberalization of migration appears logical. Such a policy in the short term is reasonable, however in the medium and long term the state will face a shortage of qualified personnel and an acute problem of 'brain drain'.

It is important to introduce forecasting methods on the basis of demographic data in the practice of government agencies. In addition, it is necessary to create a position of an expert responsible for demographic analysis in the Ministry of Labour and Social Protection.

International experience shows that with an appropriate approach, demographic forecasting can provide useful information to develop economic, labour and social policies, both for short and long term perspectives.

Source: Ministry of Labour and Social Protection of the Republic of Tajikistan. Analytical report Labour Policy in Tajikistan, Irfon, Dushanbe, 2010.

2.2.3. General agreement between the Government of the Republic of Tajikistan, the Association of Employers of the Republic of Tajikistan, and the Federation of Independent Trade Unions of Tajikistan for 2009 - 2011.

The Parties recommend to their structural bodies and units, while signing agreements and collective employment contracts, to include the following:

- ensuring timely and full payment of monthly wages;
- regulation of socio-economic development of the sector, working conditions, labour safety, employment and social benefits for employees;
- assisting in employment or retraining of redundant workers;
- in the event of personnel reductions, preventing the redundancy of single mothers with underage

children (except those who violate labour and production discipline);

- submitting proposals on the liability of officials and other persons who fail to comply with the agreements reached;
- monitoring and registration of sectoral, and regional agreements, and collective contracts by the bodies authorized by the Government of the Republic of Tajikistan; and
- providing sanitary and medical care and ensuring access of the low-income strata of the population to free medical care.

On 30 December 2009, the government adopted Decree 692 on "Programme on promoting employment of the population of the Republic of Tajikistan for 2010-2011". As with the previous programmes, this one includes activities on creating new jobs, mediation in the labour market, implementation of programmes aimed at adaptation (compliance) of labour resources to labour market requirements, assistance in self-employment of the unemployed, development of home-based labour, provision of state social security benefits during unemployment, and support for of vulnerable citizens in the labour market.

2.2.4 The Government adopted " Programme of promotion of employment of population of the Republic of Tajikistan for 2010-2011" by the Decree №692 on 30 December 2009

This Programme includes measures on creation of new job opportunities, intermediation at the labor market, implementation of programs of adaptation of labor resources to the labor market demands, promotion of citizens' self-employment, development of home-base labor, ensuring state social guarantees on unemployment and support vulnerable citizens on labor market.

2.2.5. The minimum wage in Tajikistan.

According to the Labour Code, the minimum wage is established by the President of the Republic of Tajikistan and serves as a basis for establishing levels of state wage rates.

The collective contracts (agreements) may provide a higher minimum wage, but not in the organizations financed from the state budget and those receiving state subsidies.

In accordance with the Law "On State Social Standards", state social standards in the area of labour remuneration provide establishment of:

- minimum wage within a living wage;
- standards and procedures of remuneration of labour for public sector employees;
- procedures of indexation of wages in case a certain level of inflation is exceeded, and detention of wages; and
- procedures of payment for overtime, work on weekends and holidays.

At the same time, the Law "On Living Wage" outlines a phased convergence of established minimum wages, pensions, allowances and other social payments to the subsistence level, in relation to the definition of the poverty line.

Situation analysis revealed that there is no procedure for determining and reviewing the minimum wage when planned to achieve the stated goal, namely to bring the minimum wage to the subsistence level. The main factor that affects the minimum wage is the financial capabilities of the state budget, and size of the minimum wage is not determined in accordance with minimum living conditions. In 2008, the minimum wage was increased by three times and makes up 60 Somoni (about US\$ 17.5), but it is still too low and is no an economic safety net for the employee. On a more positive note, the state abandoned the principle of binding all minimal norms and standards (benefits, etc.) to an index of the minimum wage. In 2008, separate estimated of 25 Somoni was introduced. In this case, all payments above 25 Somoni, including the difference between the minimum wage (60-25-1 percent to the pension fund = 34.4), are subject to income tax, which greatly reduces the effect of raising the minimum wage. In 2010, the estimated rate is set at 35 Somoni per month. As a result,

actually paid minimum wage increased to incomplete one Somoni (less taxes).

This will allow for the review of the the minimum wage on a more regular basis.

Source: Ministry of Labour and Social Protection of the Republic of Tajikistan. Analytical report Labour Policy in Tajikistan, Irfon, Dushanbe, 2010.

2.2.6. Dynamics of wages in Tajikistan.

In the early 1990s, Tajikistan experienced a sharp decline in real wages, but since 1998, wages have grown.

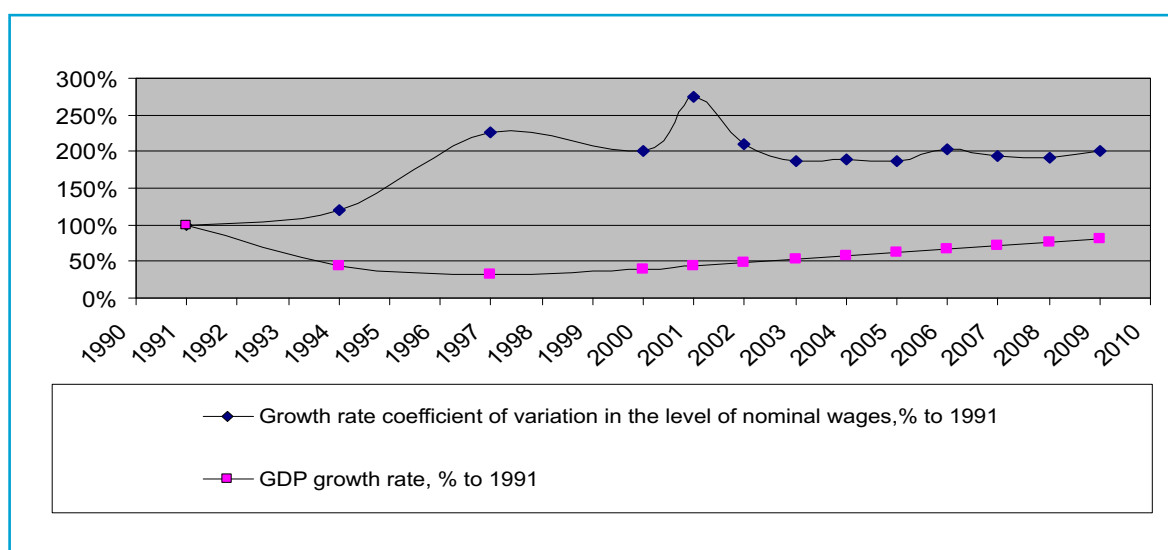
In the sectoral context, the value of wages is higher in the system of crediting and public insurance, information and computing services of communications, and construction and transport, while agricultural production and many budget sectors are lower than the average benchmark of salary in the economy.

A slight leveling of inter-sectoral wage differentials has been observed in the labour market.

Inter-sectoral wage differentials.

	2000	2005	2010
Ratio between maximum and minimum levels	76.7	29.3	20.3
Ratio of maximum level to average	4.9	4.2	3.6
Ratio of minimum level to average	0.06	0.14	0.18

However, regional wage differentials are increasing.

Dynamics of GDP and regional differentials in the level of nominal wages.

This may also indicate the presence of differentials in the pace of recovery of development in certain sectors of the economy.

In general, the level of wages is the lowest in the post-Soviet region. Remuneration of wages in GDP declined from 50.4 percent in 1991 to 13.9 percent in 2009. At the same time, an important peculiarity of wage formation is the increasing proportion of hidden wages. Despite the measures taken by central and local

governments, there is still a problem with the late payment of wages. As of 1 December 2010 the total backlog in the payment of wages, taking into account previous years, amounted to 13.5 million Somoni.

Delayed payment of wages is observed in all sectors of economy and all regions of the country. Most of this debt is recorded in key industrial sectors: construction (5.6 million Somoni), agriculture (3.7 million Somoni), and industry (2.8 million Somoni).

Repayment of wage arrears, to a lesser degree, is affected by with inflation.

Calculations demonstrate that in the national economy in 2009 (compared with 2001), GDP per worker grew by 62.4²² percent, while average real wages of workers increased 4.7²³ times. Although it is known that for efficient development of the economy an increase in labour productivity is required. This suggests that intensive factors for economic growth are not being fully exploited yet. In this regard, it is important to ensure significant growth in labour productivity through the use of relevant factors including: introduction of new technology, more optimal organization of labour, and professional development of employees. Thus, a growth in wages should stimulate the growth of labour productivity.

2.2.7. Baseline for the system of social protection and social security in Tajikistan.

Over recent years, reform of the institutional framework for the system of social protection and social security has taken place in Tajikistan, including drafting of legislation. To date, there have been approximately 24 laws adopted in Tajikistan, developed in accordance with international legal norms and that govern social development of the state (including the Laws of the Republic of Tajikistan "On Employment", "On social protection in the Republic of Tajikistan", "On social partnership, agreements and collective bargaining", "On pension provision of citizens of the Republic of Tajikistan", "On Private Pension Funds", "On adjustment of income of the population for increase in prices on consumer goods and services", "On State Social Insurance", and "On State Social Standards"). However, the need to create a legislative framework for the operation of the social protection system of the Republic of Tajikistan remains.

According to Article 35 of the Constitution of the Republic of Tajikistan, every citizen is guaranteed the right to work and to social protection. The following areas of social security and social protection are practiced in the country within the framework of social protection:

- pensions/payments for the elderly, for disability and loss of a breadwinner, seniority, and social pensions.
- allowances for temporary disability, maternity, unemployment, etc.
- maintenance and services to children, the elderly, persons with disabilities in in-patient facilities.
- social care in the home.
- medical and social examination: rehabilitation of persons with disabilities, prosthetic-orthopedic and medical-social assistance.
- benefits to certain categories of persons for labour, services consumption and other.

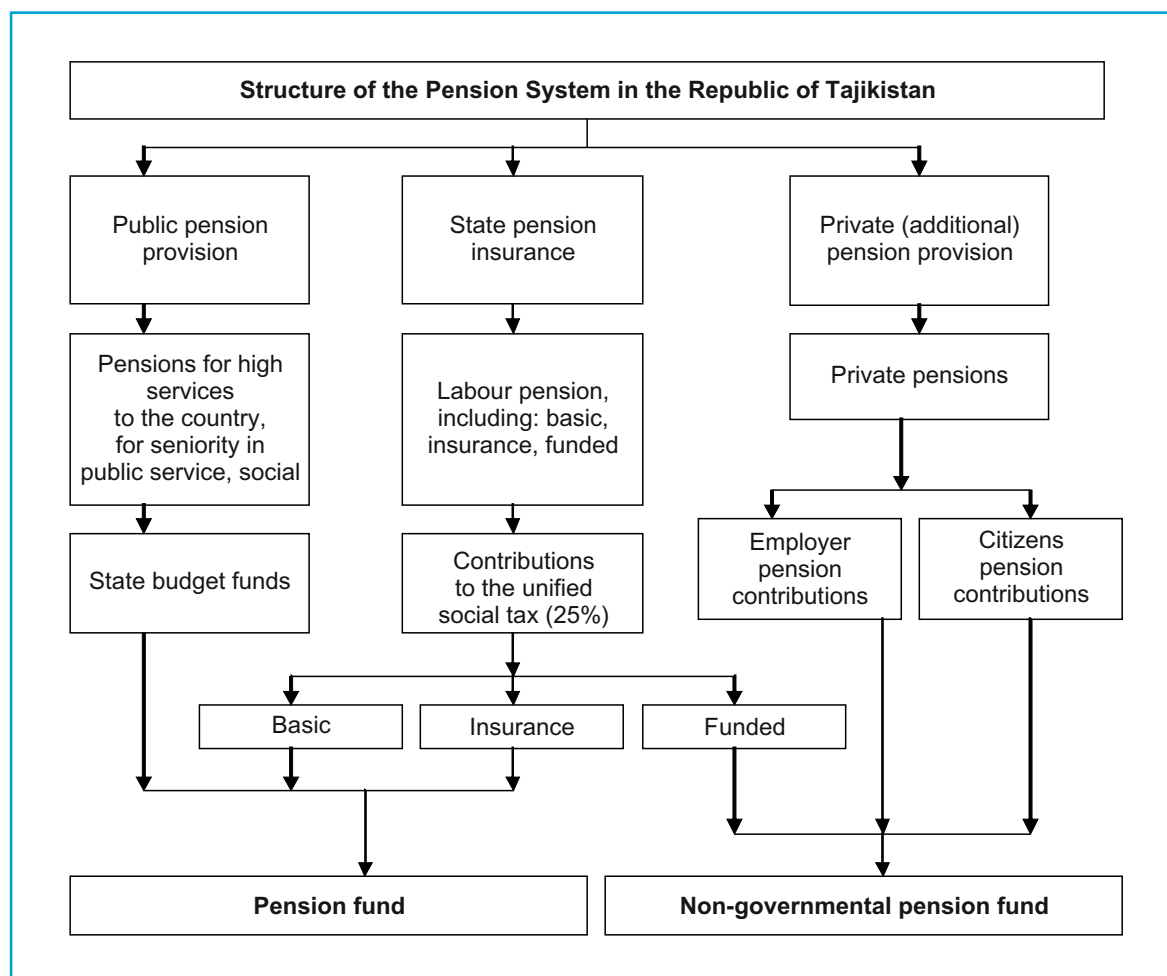
Social protection, in general, covers pensions, social assistance and social services.

2.2.8. According to the Law of the Republic of Tajikistan "On insurance and state pensions" from 12 January 2010, #595, the size of pensions in the near future in Tajikistan will depend not only on length of service and earnings of a person over the past five years, but also on the amount of insurance premiums, which will be paid by both citizens themselves and their employers (see Illustration 2.2.8).

²² Расчет по ценам 2009 года

²³ Расчет с использованием индекса потребительских цен

ILLUSTRATION 2.2.8. Structure of the pension system in Tajikistan



2.2.9. The national education system in Tajikistan

Activities at the legal level in the field of education in Tajikistan is regulated by the Law "On education", which defines the legal, institutional, socio-economic frameworks for development of education in Tajikistan; establishes the structure of the education system, the principles of its management, administration, powers and direction of activities of its agencies; and serves as a legal basis for other regulatory-legal acts of Tajikistan in

the field of education. The legislation gives the right to obtain education through day, evening (mainly secondary), distance (special secondary and higher), and remote learning (mainly higher education).

Name of the educational institution		Level of education
Doctoral (duration not less than 3 years)		Postgraduate education
Graduate (duration not less than 3 years)		
Professional higher education programme (health, duration 6 years)	Magistracy (not less than 2 years)	Higher education
	General higher education programme (not less than 4 years)	
Vocational and technical institutions (duration after grade 11 in comprehensive school – not less than 2 years)	Secondary special educational establishments, Professional colleges (duration after grade 11 in comprehensive school – not less than 2 years)	Secondary special vocational education
Vocational and technical institutions (duration after grade 9 in school – not less than 3 years)	Secondary special educational establishments, Professional colleges (duration after grade 9 in school – not less than 3 years)	
Comprehensive secondary school (grades 10-11)		Complete secondary education
Comprehensive secondary school (grades 5 to 9)		General secondary education
Comprehensive secondary school – primary grades (duration 4 years)		Primary education
Pre-school institutions		Pre-school education
	Compulsory education	
	Voluntary education	

2.2.10. SWOT analysis of the institutional framework of the education system in Tajikistan

Strengths	Weaknesses
<ul style="list-style-type: none"> • a set of policy documents is developed to ensure equal rights and opportunities for women and men of Tajikistan, including in access to education; • a mechanism of 'presidential quota' for boys and girls from remote regions that provides an opportunity for higher education, is set up and operating; • reforms are initiated in the education system, aimed at greater integration into the global educational system, including changes in funding arrangements; • the activities of non-governmental organizations dealing with education issues, including involving the female population, are increasing. 	<ul style="list-style-type: none"> • Insufficient funding of the education system, which is manifested in the preservation of problems with the school infrastructure, provision of qualified personnel, and presence of hidden fees for education; • Undeveloped system of evaluation of the education system effectiveness, including from a gender perspective; • Methodological and organizational weakness in introduction of credit system for education in the vocational education system; • Weakness of scientific and research facilities in educational institutions; • Undeveloped mechanisms to ensure continuing education; • Weakness of civil society participation in the management of the education system.
Opportunities	Threats
<ul style="list-style-type: none"> • Accelerating decentralization processes of the education system with the active involvement of civil society; • Intensification of scientific and methodological reinforcement of the education process for all levels of education; • Creation of an analytical database on demographic trends, education and employment, and impact on education by policies in the field of social protection, employment, state budget and entrepreneurship; • Development and application of mechanisms to ensure transparency of financial performance of the education system, including holding public hearings on budgets; • Ensuring consideration of regional peculiarities and prospects during placement of professional education institutions. 	<ul style="list-style-type: none"> • Omission of potential opportunities due to a lack of or weak interrelation of the education process with the practice, education system and labour market situation; • Low effectiveness of information campaigns on the importance of professional education, including related to the female population, due to a lack of consistency in actions and decisions.

2.2.11. Expected results of the state programme on professional education in Tajikistan for the period 2008-2015.

The Programme will be implemented in two phases:

Phase One (2008 - 2012). There will be a unified system of educational administration established at the national and regional level.

In the field of professional education:

- creation of a regulatory legal framework for bringing the real sector of the economy into training of professional personnel;
- increased access to and prestige of professional education to meet the needs of the labour market and society (the proportion of school leavers who will continue study in professional education establishments, is not less than 60 percent);
- strengthening of the relationship between the professional education system and employers, and small and medium-sized businesses, and the efficiency of social partnerships will increase;
- development and publishing of new training, educational and methodological learning tools, corresponding to modern requirements of employers and state education standards;
- introduction of a credit system of education, ensuring harmonization of educational programmes of primary and secondary vocational education with higher education programmes;
- expansion of the application of information and computer technology in the education process;
- increase in the number of computers in professional education institutions, bringing the ratio up to one computer for every fifteen pupils and students;
- creation of an objective system of employment of young specialists, retraining and strengthening their qualifications; and conditions for professional self-determination, including opening their own businesses;
- creation of an independent and fair system for assessing the professional training of specialists; and assignment of jobs and professions to graduates of professional education institutions;
- strengthening of the material and technical base

of public and private professional education institutions;

- ensuring of a gradual transition from traditional post-graduate and doctoral to three-level system of training (bachelor-master-doctorate). The annual reception on new programmes under the state order to postgraduate courses will be up to 20 percent of Bachelor's degree graduates.

Phase Two of the programme implementation (2012-2015). It is assumed that the power and resources of professional education will increase through the following:

- a change in the structure and content of professional education programmes;
- reforming and improving of the model of professional education institutions.

Full transition to the credit system of education will be provided in the system of higher and postgraduate education.

Number of state grants for training of personnel will be increased for priority occupations.

The average indicator on the proportion of professors and teachers with advanced degrees will be 40 percent. New mechanisms for financing education will be developed.

Source: State Programme on Vocational Education in the Republic of Tajikistan for 2008-2015.

2.2.12. The basic legal framework for public health strategies are regulations including the Constitution of the Republic of Tajikistan; the Laws of the Republic of Tajikistan "On Health Protection of the Population of the Republic of Tajikistan", "On Family Medicine", "On Health Insurance in the Republic of Tajikistan", and "On the private medical practice"; and the state programmes "National Development Strategy of the Republic of Tajikistan for the period to 2015", "National Health Strategy of the Republic of Tajikistan for 2010-2020", "National Programme for Prevention of Occupational Diseases in the Republic of Tajikistan for 2010-2015", and as the Poverty Reduction Strategy.

2.2.13. Indicators on development of the healthcare system of Tajikistan.

In 2010, there were 444 hospitals with 38,200 beds in Tajikistan. Health care facilities employed 15,400

doctors. The provision of physicians and nurses per 10,000 people has decreased: in 2010 provision was 20.2 and 46.1 people respectively; while in 2000 it was 21.6 and 51.6 respectively (see Table 2.2.13).

TABLE 2.2.13.
Indicators on the availability of resources in the health care system of Tajikistan

Indicators	2000	2005	2010
Number of hospitals (units)	441	454	444
Number of hospital beds in hospitals (000s of units)	41.1	40.6	38.2
Number of hospital beds per 10,000 people	65.8	58.6	50.1
Number of physicians in all specialties (000 people)	13.5	13.3	15.4
Provision with physicians per 10,000 people	21.6	19.2	20.2
Number of nursing staff, (000 people)	32.2	28.9	35.1
Provision with nurses per 10,000 people	51.6	41.7	46.1

2.2.15. Results of the correlation analysis of indicators of the health care system development in Tajikistan for 2000-2010 (coefficient).²³

	Budget spending on healthcare (Somon per capita)	Budget spending on healthcare (% of GDP)
Number of physicians per 10,000 people	-0.545	-0.523
Number of hospital beds per 10,000 people	-0.919	-0.890
Life expectancy (years)	0.869	0.837
Incidence of tuberculosis per 100,000 people	0.767	0.794

²³Correlation coefficient, as accepted in econometrics, ranges from -1 to +1. The closer to 1, the more functional relation is.

2.2.14. SWOT analysis of the institutional framework of the health care system in Tajikistan

Strengths	Weaknesses
<ul style="list-style-type: none"> • the network of medical organizations and institutions is expanding; • programmes on reproductive health and reproductive rights, prevention of iron deficiency anemia, safe motherhood, etc . are elaborated and being implemented. • non-governmental organizations are active in research and coverage of i ssues relating to health; • crisis cent res are set up for women as a component of protection, including for mental health; • attempts are made to strengthen the management system and financing of primary health care institutions, in particular, on the basis of per capita funding. 	<ul style="list-style-type: none"> • low level of income and education of the population; • insufficient state financing to the health sector: g overnment spending declined from 4.5 percent of GDP in 1991 to 1.6 percent in 2010 (WHO recommends 5 percent of expenditure for developing countries); • low level of skills and lack of medical personnel, especially in rural areas; • significance of errors in medical statistics; • low quality of housing and communal services.
Opportunities	Threats
<ul style="list-style-type: none"> • elaboration of scenario approaches for justification of development prospects for the health system; • development of program mes for the health system and budget ing system with gender - sensitive indicators; • creation and implementation of a sustainable mechanism for joint efforts and coordination of state authorities' actions at all levels; public associations, and religious and charitable organizations to conduct information campaigns on health maintenance, situation analysis and monitoring of health programmes; • integration of the national system of medical reporting to the international system; • development and ensuring transparency of the regulatory framework on co-payment of patients for medical services; • promotion of greater knowledge in order to reduce unintended pregnancies among young people and spread of infectious diseases. 	<ul style="list-style-type: none"> • underdeveloped system of data collection and analysis within the framework of medical statistics, which impede having the full picture of the real situation; • lack of tested legal mechanisms on co - payment of the population for health services leads to retention of problems with financial instability of medical institutions, and development of corruption;

2.2.16. Systemic changes in the health care system of Tajikistan.

The National Health Strategy of the Republic of Tajikistan for 2010-2020, with regard to systemic changes, provides:

1. Strengthening public administration over health protection. The Government of the Republic of Tajikistan, including the Ministry of Health and local executive bodies of the state, will undertake the following functions of public health management:

- development of core values, guiding principles and state policy on public health;
- establishment of up-to-date information and an analytical framework, and on this basis conducting operational and strategic research in health care;
- modernization of legislation and the regulatory framework, and supervision over their implementation;
- formation of inter-sectoral and inter-institutional approaches for improvement of living conditions in the country;
- increased focus on best international practices, coordination of international assistance and technical cooperation;
- improvement of operational management of health care.

This Health Strategy sets out the following vision of public health policy in Tajikistan:

- During the next decade, health policy of the Republic of Tajikistan will be determined by the strategic priorities of health, interests in ensuring equal access for the population of the country to quality medical and preventive care, as well as by tasks of modernizing the financial and resource base for public health.
- Entities of health policy are civil society institutions, while the Government of the Republic of Tajikistan, represented by the Ministry of Health, is their coordinating centre. Public-private dialogue will become a tool for health policy actualization, taking into account the needs and capabilities of the country, as well as for monitoring of its implementation.

The course and results of such a dialogue will be consolidated at the 'National Health Summit', where views of all interested parties will be presented on the health care system situation, its long-term objectives and implementation of the Strategy.

- An integral part of the broad social cooperation in public health will be interagency cooperation in the public sector and formation of strategic partnerships between the public and private sectors.

2. Improving quality and accessibility of therapeutic and preventive services, which stipulates:

- Strengthening the role of primary care through introduction of family medicine;
- Certification and attestation of medical staff;
- Accreditation of therapeutic and preventive, and medical education institutions;
- Development of standards for therapeutic and prevention activities.

3. Development of a resource base and strengthening of the financial base for public health will be implemented through:

- Development of human resources and medical science;
- Improvement of drug supply and pharmaceuticals;
- Modernization of the production and technological base;
- Health financing, which includes the following priority actions:
 - Gradually increasing the budget for health, commensurable with an increase in the percentage of total government spending;
 - Conduct analysis of national health accounts (NHA), based on the already initiated Cooperation in 2009 and 2010 between the Ministry of Health of the Republic of Tajikistan, the Ministry of Finance of the Republic of Tajikistan, and the Agency on Statistics under the President of the Republic of Tajikistan;
 - Strengthen the Medium-term Expenditure Framework as a tool for planning the health budget;
 - Monitor implementation of the budget to provide a predictable and consistent flow of

funds to suppliers;

- Preparation and analysis of likely fundraising scenarios as part of establishing OMI schemes;
- Develop a regulatory framework for private financing through voluntary health insurance (VHI), along with its development, provided that in the next decade private contributions remain the main source of health financing;
- Identify the roles and interaction of stakeholders in the health sector to improve

forecasting, collection and execution of the budget of the health sector from various sources;

- Develop models to support development partners in the health sector in order to implement a wide-sectoral approach in Tajikistan.

Source: National Health Strategy of the Republic of Tajikistan for 2010-2020.

2.2.17. Groups and conflicts of interest²⁴

Group	Represented by	Interest of group in problem solution	Conflict of interest
Population	Households and individual enterprises	<ul style="list-style-type: none"> - Overcoming the problem of access to clean drinking water; - Improving the ecological situation and reducing the risk of infectious diseases; - Improving the overall quality of life. 	Underdeveloped or declining culture and traditions of using housing and communal services.
Enterprises and organizations (legal entities as services consumers)	State enterprises and organizations; Non-state enterprises and organizations	<ul style="list-style-type: none"> - uninterrupted supply of fresh water; - stability of energy supplies; - solution of waste disposal problems; - rehabilitation and development of infrastructure. 	Funding mechanism of the sector is not transparent.
Local bodies of executive authority	<i>Hukumats, jamoats</i>	<ul style="list-style-type: none"> - uninterrupted operation of enterprises and organizations in the region; - improving the quality of life and health in the region; 	<ul style="list-style-type: none"> - the vast majority of industrial enterprises are unprofitable; - only very few local self-government authorities (<i>jamoats</i>) are involved in addressing issues in the field of housing and communal services; - Arrangements on accounting and disposal of waste are not defined.

²⁴ Source: Turaeva. M, Reforming housing and communal services in Tajikistan: de-monopolization, municipalization or restructuring, The International Centre for Advanced Research, – Kiev, 2009.

Government	The Government of the Republic of Tajikistan, including: Ministry of Finance, Antimonopoly Committee	<ul style="list-style-type: none"> - Social stability; - Implementation of national development programmes; - Stability in operation of enterprises and organizations; - Efficiency of industrial enterprises. 	
Departments of health and environment	Ministry of Health, Ministry of Agriculture, Committee on Nature Protection	<ul style="list-style-type: none"> - Reducing overall level of prevalence in the country; - Improving the environment, and combating environmental pollution 	Disassociation of responsibility for protection of the environment.
SUE KMK and its subdivisions	SUE KMK; SUE KMK affiliates.	<ul style="list-style-type: none"> - Profitability of municipal utilities; - Availability of funds for maintenance work and technical upgrading of the sector; - Closing most unprofitable activities. 	Delay of payments for municipal services due to low incomes and dissatisfaction with the quality of services.
Donor agencies of projects on housing and communal services	WB, EBRD, etc.	<ul style="list-style-type: none"> - Promoting reduction of poverty and prevalence, and improving environment protection; - Implementation of projects 	Low systematic approach in actions, and disassociation of resources.

2.2.18. Social indicators on the status of enlarged regions of Tajikistan in 2010.

№	List of social indicators of regions status	Regional characteristics																		
1.	Ratio of average nominal wage to average national level (%)	<table border="1"> <caption>Ratio of average nominal wage to average national level (%) by region and year</caption> <thead> <tr> <th>Region</th> <th>2000 (%)</th> <th>2010 (%)</th> </tr> </thead> <tbody> <tr> <td>Dushanbe</td> <td>200.0</td> <td>210.0</td> </tr> <tr> <td>GBAO</td> <td>80.0</td> <td>85.0</td> </tr> <tr> <td>Sughd region</td> <td>90.0</td> <td>80.0</td> </tr> <tr> <td>Khatlon region</td> <td>70.0</td> <td>75.0</td> </tr> <tr> <td>DRS</td> <td>160.0</td> <td>105.0</td> </tr> </tbody> </table>	Region	2000 (%)	2010 (%)	Dushanbe	200.0	210.0	GBAO	80.0	85.0	Sughd region	90.0	80.0	Khatlon region	70.0	75.0	DRS	160.0	105.0
Region	2000 (%)	2010 (%)																		
Dushanbe	200.0	210.0																		
GBAO	80.0	85.0																		
Sughd region	90.0	80.0																		
Khatlon region	70.0	75.0																		
DRS	160.0	105.0																		

<p>2.</p>	<p>Ratio of regional tax provision to average national parameter (%)</p>	<p>A horizontal bar chart comparing the ratio of regional tax provision to the average national parameter (%) for five regions in 2000 and 2010. The x-axis ranges from 0.0 to 400.0. The y-axis lists the regions: DRS, Khatlon region, Sughd region, GBAO, and Dushanbe. Blue bars represent 2000 data, and maroon bars represent 2010 data. Dushanbe shows the highest ratio, increasing from approximately 360% in 2000 to 400% in 2010. Other regions are below 100%.</p> <table border="1"> <thead> <tr> <th>Region</th> <th>2000 (%)</th> <th>2010 (%)</th> </tr> </thead> <tbody> <tr> <td>DRS</td> <td>~60</td> <td>~70</td> </tr> <tr> <td>Khatlon region</td> <td>~50</td> <td>~60</td> </tr> <tr> <td>Sughd region</td> <td>~100</td> <td>~110</td> </tr> <tr> <td>GBAO</td> <td>~40</td> <td>~50</td> </tr> <tr> <td>Dushanbe</td> <td>~360</td> <td>~400</td> </tr> </tbody> </table>	Region	2000 (%)	2010 (%)	DRS	~60	~70	Khatlon region	~50	~60	Sughd region	~100	~110	GBAO	~40	~50	Dushanbe	~360	~400
Region	2000 (%)	2010 (%)																		
DRS	~60	~70																		
Khatlon region	~50	~60																		
Sughd region	~100	~110																		
GBAO	~40	~50																		
Dushanbe	~360	~400																		
<p>3.</p>	<p>Provision with housing (% to average national level)</p>	<p>A vertical bar chart showing the provision with housing as a percentage of the average national level for five regions in 2000 and 2010. The y-axis ranges from 0.0 to 180.0. The x-axis lists the regions: Dushanbe, GBAO, Sughd region, Khatlon region, and DRS. Blue bars represent 2000 data, and maroon bars represent 2010 data. Dushanbe has the highest provision, around 170% in 2000 and 130% in 2010. Other regions range from approximately 70% to 120%.</p> <table border="1"> <thead> <tr> <th>Region</th> <th>2000 (%)</th> <th>2010 (%)</th> </tr> </thead> <tbody> <tr> <td>Dushanbe</td> <td>~170</td> <td>~130</td> </tr> <tr> <td>GBAO</td> <td>~110</td> <td>~130</td> </tr> <tr> <td>Sughd region</td> <td>~120</td> <td>~125</td> </tr> <tr> <td>Khatlon region</td> <td>~75</td> <td>~85</td> </tr> <tr> <td>DRS</td> <td>~95</td> <td>~105</td> </tr> </tbody> </table>	Region	2000 (%)	2010 (%)	Dushanbe	~170	~130	GBAO	~110	~130	Sughd region	~120	~125	Khatlon region	~75	~85	DRS	~95	~105
Region	2000 (%)	2010 (%)																		
Dushanbe	~170	~130																		
GBAO	~110	~130																		
Sughd region	~120	~125																		
Khatlon region	~75	~85																		
DRS	~95	~105																		
<p>4.</p>	<p>Ratio of retail turnover per capita (% to average national level)</p>	<p>A horizontal bar chart showing the ratio of retail turnover per capita to the average national level for five regions in 2000 and 2010. The x-axis ranges from 0.0 to 500.0. The y-axis lists the regions: DRS, Khatlon region, Sughd region, GBAO, and Dushanbe. Blue bars represent 2000 data, and maroon bars represent 2010 data. Dushanbe has the highest ratio, around 450% in 2000 and 200% in 2010. Other regions are below 150%.</p> <table border="1"> <thead> <tr> <th>Region</th> <th>2000 (%)</th> <th>2010 (%)</th> </tr> </thead> <tbody> <tr> <td>DRS</td> <td>~50</td> <td>~80</td> </tr> <tr> <td>Khatlon region</td> <td>~40</td> <td>~60</td> </tr> <tr> <td>Sughd region</td> <td>~100</td> <td>~140</td> </tr> <tr> <td>GBAO</td> <td>~30</td> <td>~40</td> </tr> <tr> <td>Dushanbe</td> <td>~450</td> <td>~200</td> </tr> </tbody> </table>	Region	2000 (%)	2010 (%)	DRS	~50	~80	Khatlon region	~40	~60	Sughd region	~100	~140	GBAO	~30	~40	Dushanbe	~450	~200
Region	2000 (%)	2010 (%)																		
DRS	~50	~80																		
Khatlon region	~40	~60																		
Sughd region	~100	~140																		
GBAO	~30	~40																		
Dushanbe	~450	~200																		
<p>5.</p>	<p>Provision of population with physicians per 10,000 people</p>	<p>A vertical bar chart showing the provision of population with physicians per 10,000 people for five regions in 2000 and 2010. The y-axis ranges from 0.0 to 400.0. The x-axis lists the regions: Dushanbe, GBAO, Sughd region, Khatlon region, and DRS. Blue bars represent 2000 data, and maroon bars represent 2010 data. Dushanbe has the highest provision, around 370 in 2000 and 390 in 2010. Other regions range from approximately 50 to 130.</p> <table border="1"> <thead> <tr> <th>Region</th> <th>2000</th> <th>2010</th> </tr> </thead> <tbody> <tr> <td>Dushanbe</td> <td>~370</td> <td>~390</td> </tr> <tr> <td>GBAO</td> <td>~90</td> <td>~100</td> </tr> <tr> <td>Sughd region</td> <td>~120</td> <td>~110</td> </tr> <tr> <td>Khatlon region</td> <td>~50</td> <td>~60</td> </tr> <tr> <td>DRS</td> <td>~60</td> <td>~70</td> </tr> </tbody> </table>	Region	2000	2010	Dushanbe	~370	~390	GBAO	~90	~100	Sughd region	~120	~110	Khatlon region	~50	~60	DRS	~60	~70
Region	2000	2010																		
Dushanbe	~370	~390																		
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DRS	~60	~70																		

AVERAGE PARAMETER OF AVERAGE PER CAPITA PARAMETERS CORRELATED TO THE STATE LEVEL (%).

	2000	2010
The Republic of Tajikistan	100.0	100.0
Dushanbe	308.0	259.0
Sughd region	104.9	105.6
Districts of Republican Subordination	79.7	81.0
GBAO	69.5	72.8
Khatlon region	58.4	61.5

The above table shows that the lowest parameters fall on Khatlon region and GBAO. These two regions have relatively less security on the selected indicators.

Differences in levels of development are also observed at the district level.

Grouping of rural districts of the country by the volume of tax revenue per capita, by the end of 2010 (% to average national level).

	Number of districts	Type of situation	Names of Districts
Less than 50%	37	extremely dangerous - crisis	<p>Districts of Republican Subordination – Vahdat, Jirgatal, Nurobod, Rasht, Tojikobod, Faizobod, Shahrinav</p> <p>Districts of Sughd region – Ayni, Asht, Ghonchi, Kuhistoni Mastchoh, Shariston</p> <p>Districts of Khatlon region – Baljuvon, Bokhtar, Vakhsh, Vose, Jilikul, Jomi, Qabodiyon, Qumsangir, Muminobod, Panj, Rumi, Temurmalik, Farkhor, Khovaling, Hamadoni, Khuroson, Nosiri Khusrav, Shurobod.</p> <p>Districts of GBAO – Vanj, Darvoz, Ishkoshim, Roshtqala, Rushon, Murghob, Shughnon</p>
from 51 to 100%	18	dangerous – close to crisis	<p>Districts of Republican Subordination – Varzob, Hisor, Rudaki, Tavildara, Tursunzoda</p> <p>Districts of Sughd region – Zafarobod, Jabbor Rasulov, Bobojon Ghafurov, Isfara, Istaravshan, Konibodom, Mastchoh, Panjakent, Spitamen</p> <p>Districts of Khatlon region – Danghara, Kulob, Shaartuz, Yovon</p>
Above 100%	3	relatively prosperous	Districts of Khatlon region – Roghun, , Sarband, DSR Norak
Total districts	58		

The results for 2010 showed that 37 out of 58 rural districts of the country had tax revenue per capita below 50 percent of the national average, indicating, firstly, the significance of the problem of insufficiently developed tax potential in the regions, and secondly, the significance of inter-district differentiation in the levels of development.

The failure to realize the potential of regions is also indicated by a significant fiscal vulnerability of districts, as the number of subvention regions has been maintained, including 43 out of 58 districts of the country; 9 out of 12 districts of Republican Subordination (with the exception of Roghun, Tursunzoda, Hisor); 5 out of 14 in the Sughd region (Ayni, Asht, Ghonchi, Kuhistoni Mastchoh, Shahrison); 22 out of 24 districts in Khatlon region (except Sarband and Danghara districts); and all seven districts of GBAO. The share of the population in subvention regions of the total population of Tajikistan is 50.7 percent (compared to a global average of 30-40 percent). If the population of Dushanbe, Khujand and Kurgan-Tyube cities are considered as administrative and business centres, the proportion of the population of subvention regions will be almost 58 percent.

2.3.1. Committees (Councils) on inter-agency coordination of activities and decision-making in the field of environmental protection.

The **National Committee on Sustainable Development** was established in 1998 by resolution of the Government of the Republic of Tajikistan. The main purpose of establishing the committee was coordination of activities of ministries and committees involved in the development and implementation of the strategy, on programmes related to sustainable development, and establishing partnerships with international and regional organizations and programmes on sustainable development. The Prime Minister of the Republic of Tajikistan was assigned the position of heading the committee, and who is in charge of environmental protection issues, and committee deputies (including the Head of the Agency of

Environmental Protection and First Deputy Minister of Economic Development and Trade). The National Report on Sustainable Development (on Rio +20) was developed during 2001-2002 under the coordination of activities of the present Committee, and which was endorsed by the Government in 2002. The present report was prepared with the involvement of national experts from all sectors of the economy and a wide range of civil society, on the eve of the opening of the the World Summit on Sustainable Development in Johannesburg in 2002.

Due to the passive position of the Committee, and an unproven legal-regulatory framework for its activities and in the decision-making system, the Committee does not function adequately. Therefore, it is necessary to give a legal status to the Committee in the decision-making system with regard to initiation, development and consideration of policy and strategic documents on issues of sustainable development, and in defining mechanisms of cooperation with similar international and regional structures, such as the Inter-governmental Committee on Sustainable Development (ICSD), and UN Conference on Sustainable Development (UN CD).

The **Inter-agency Committee on Chemical Safety** was established in 2003 by resolution of the Government of Republic of Tajikistan. It carries out situation analysis of issues and preparation of suggestions for the government with regard to addressing strategic problems in the field of chemical safety, control over adherence to the requirements and improvement of mechanisms on dealing with chemical substances and biological preparations, and implementation of legal acts on issues related to chemical safety. The Committee is assigned the right to approve "The list of chemical substances and biological preparations, which are for application in the Republic of Tajikistan", and to make amendments and additions. The Prime Minister of the Republic of Tajikistan is assigned as a head of the committee, and is in charge of issues on environmental protection, and committee

deputies (Head of the agency responsible for environmental protection). The Committee does not function on a permanent basis and its activity is fragmented.

The **Inter-agency coordination committee on environmental statistics** was established in 2001 by resolution of the Government of the Republic of Tajikistan, and is responsible for execution of the government strategy and control over issues related to environmental statistics. It is also responsible for elaborating a single method for monitoring environmental statistics, coordinating the design of criteria and evaluation of statistical environmental indicators describing the ecological situation. The head of this committee is the First Deputy of the State Committee of Investment and State Property Management of the Republic of Tajikistan. Due to the lack of regulatory-legal acts on the procedure for interaction among relevant authorities and the lack of a coherent strategy for action, the Committee is not functioning adequately.

The **Inter-agency council on implementation of the project Clean Development Mechanism** was established by Resolution of the Republic of Tajikistan, No. 393 of 2 July 2009. The Chairperson of the Council is the Deputy Prime minister of the Republic of Tajikistan, and the Deputy Director of the State Agency of Hydro-meteorology is national coordinator for the United Nations Framework Convention on Climate Change in the Republic of Tajikistan. The Ministry of Energy and Industry of the Republic of Tajikistan is in charge for organizational issues on preparation and implementation of CDM projects. The lack of appropriate coordination work and a permanently functioning body, did not allow for the design of effective mechanisms for development of opportunities in sectors of the economy in attracting investments within the framework of CDM.

The **Environmental Committee under the Majlisi Oli of the Republic of Tajikistan** was established in 2010, for which the Deputy Chairperson of the

Committee on Agrarian Issues and Ecology of the Majlisi Oli of the Republic of Tajikistan was assigned as a Committee Chairperson. Leading experts of the country in the sphere of ecology work for this committee, and who represent different sectors of the economy and public organizations. The key areas of activity of the current Committee are the initiation of design and further implementation of laws on environmental protection, and providing recommendations for environmental protection policy of the Republic of Tajikistan at the national and international levels.

2.3.2. List of Conventions on environmental protection of which Tajikistan is a member.

The Vienna Convention for the Protection of the ozone layer (1996) and the Montreal Protocol on substances that deplete the ozone layer and London amendment to it (1997). Tajikistan acceded to the Vienna Convention for the Protection of the Ozone Layer on 4 November 1995 and joined the Montreal Protocol on Substances that Deplete the Ozone Layer and its revisions (London) on 13 December 1997.

In 2002, the Government of the Republic of Tajikistan approved the National Programme on Phasing Out Ozone Depleting Substances.

In 2009, the Government of the Republic of Tajikistan joined the Copenhagen, Montreal and Beijing Amendments to the Montreal Protocol.

Tajikistan does not produce substances that destroy the ozone layer. In a number of industrial enterprises where Ozone-depleting Substances (ODSs) were used in the past, about 8.3 tons of Chlorofluorocarbons-11 (CFCs) have been withdrawn from production and stockpiled in accordance with the safety standards. Due to a lack of equipment for utilization of ODSs, the present issue is planned to be resolved not only in Tajikistan, but also in other counties of Central Asian (CA) through the installation of the

appropriate equipment with the financial and technical support of the Multilateral fund for implementation of the Montreal Protocol.

Tajikistan has imported 117 items of equipment during the implementation of projects for recycling of CFCs, and 40 units of identifier for the detection of ODS for custom services.

Currently, Tajikistan imports the new alternative refrigerants with low indicators of impact on the ozone layer, and accordingly its influence on both human health and the environment. The commitments made by the country to phase out ODS are implemented according to the National Programme on stopping usage of ODS in the Republic of Tajikistan.

Convention on Biological Diversity (1997). Tajikistan ratified the UN Convention on Biological Diversity in 1997, signed the Cartagena Protocol on Biosafety to the Convention on Biological Diversity in 2004, approved the National Strategy and Action Plan on Conservation and Sustainable Use of Biodiversity in 2003 and in 2006, and adopted the State Programme on Development of Specially Protected Natural Areas (SPNA) for 2006-2015.

Four National reports have been published with respect to conservation of biodiversity in Tajikistan (2003-2009).

The existing data on qualitative and quantitative indicators of biodiversity conditions are evidence of the lack of an established system of monitoring in this field, and available accurate and objective data on dynamics, and the number of and changes in areas of habitat of biodiversity. Feasible agency-level monitoring of the status of biodiversity species conducted by the forestry services of the Committee on Environmental Protection is limited only to the state forestry fund lands.

Low awareness on the present condition of biodiversity makes it difficult to conduct an estimation of the number of endangered species,

and an assessment of the impact of various economic activities, which together can have a negative impact on certain habitats, for both individual species and their communities.

Convention on Combating Desertification (1997). In 2001, Tajikistan approved the National Action Programme to Combat Desertification in the Republic of Tajikistan. National reports of the Republic of Tajikistan on combating desertification have been prepared (2000, 2002, and 2006).

United Nations Framework Convention on Climate Change (1998). Tajikistan acceded to the UN Framework Convention on Climate Change in 1998 and ratified the Kyoto Protocol on 21 October 2008.

In 2003, the Government of the Republic of Tajikistan elaborated and approved the National Action Plan of the Republic of Tajikistan on Climate Change Mitigation.

In 2002, the First National Report of the Republic of Tajikistan on implementation of the UN Framework Convention on Climate Change (Phase 1) was prepared and the Phase 2 of the First National Communication on strengthening of capacity in priority sectors of the economy is prepared.

In 2008, the Second National Communication of the Republic of Tajikistan on implementation of the UN Framework Convention on Climate Change was prepared.

In 2007, the Government approved the Programme on Rehabilitation of Hydro-Meteorological Stations for 2007-2016.

In 2010, the State Programme on Research and Conservation of Glaciers in Tajikistan was endorsed by the government.

Following the terms of the Kyoto Protocol of the UN Framework Convention on Climate Change,

Tajikistan has an opportunity to implement projects under the framework of Clean Development Mechanism (CDM). One of the main objectives of the CDM is to attract investment towards reduction of greenhouse gas (GHG) emissions, promote sustainable use of natural resources and improve the environmental and socio-economic situation. For Tajikistan, the priority areas of implementation of CDM projects are:

- improvement in energy-efficiency in housing and communal sector;
- development of renewable energy sources;
- transition to cleaner types of fuel;
- increase of efficiency in the transport system;
- improvement of practices of agriculture and utilization of organic waste;
- reforestation.

The Ramsar Convention on Wetlands (2000). In accordance with the present Convention, Tajikistan has identified five wetlands: Qairaqquq reservoir, lakes Shorkul, Rangkul and Zorkul, downstream of Pyanj river. Practically, neither reporting nor other forms of information statement have been adequately conducted on activities towards implementation of the obligations committed by Tajikistan in accordance with the requirement of Convention.

Convention on the Conservation of Migratory Species of Wild Animals (2000). In 2002, Tajikistan signed a Memorandum of Understanding concerning conservation and restoration of Bokharan deer.

Practically, neither reporting nor other forms of information statement about activities towards implementation of the obligations committed by Tajikistan in accordance with the requirement of Convention is conducted.

The Aarhus Convention on Access to Information, Public Participation and Decision-Making, and Access to Justice with regard to Environmental Issues (2001). In 2003, at the Kiev Conference of the Ministry of Environment,

Tajikistan signed the Protocol on registers of emissions and transfers of pollutants; a National Profile was elaborated to provide an assessment of needs of Tajikistan on implementation the Aarhus Convention ;a review of legislation on environmental protection and its conformity with the requirement of the Aarhus Convention was conducted.

The mechanisms and procedures for cooperation of public institutes with state bodies through the Aarhus Convention are being applied. The Aarhus Centres functioning in Dushanbe city and Khorog are established with the support of OSCE, and periodically conduct round tables and workshops on environmental protection and environmental law.

Convention on Persistent Organic Pollutants (2002). In 2007, the government approved the National Implementation Plan on Realization of Stockholm Convention on Persistent Organic Pollutants in the Republic of Tajikistan. Some project proposals have been developed and submitted to donor agencies with respect to rehabilitation of Kanibadam and Vakhsh landfills, bans for the use of degraded pesticides, and utilization of pesticides and pesticides covered by the Convention.

Convention on Environmental Impact Assessment in a Transboundary context (2004). Legislation of the Republic of Tajikistan on the environment states that conducting environmental impact assessment is mandatory.

In 2005, the Regulations on Environmental Impact Assessment was adopted, and defined general approaches to organizing and conducting the assessment of possible environmental impact, taking into account the legislative and regulatory framework of Tajikistan, as well as international experience.

In February 2010, by decree of the Government of the Republic of Tajikistan, it was decided to develop the National Action Plans on implementation of the Convention on Wetlands, the Convention on the

Conservation of Migratory Species of Wild Animals and the Aarhus Convention on Access to Information, Public Participation in Decision-Making and Access to Justice in Environmental Matters.

2.3.3. Strategic and policy documents in the field of environmental protection.

Concept of Land Use of the Republic of Tajikistan (2004).
Concept of Forestry Development of the Republic of Tajikistan (2005).
Concept of Transition of the Republic of Tajikistan to Sustainable Development(2007).
Concept of Environmental Protection in the Republic of Tajikistan (2008).
Strategy for Development of Small Scale Hydropower of the Republic of Tajikistan (2007).
State Programme on Development of Specially Protected Natural Areas for 2005-2015 (2005).
Forestry Development Programme of the Republic of Tajikistan for).
State Ecological Programme for 2009-2019 (2009).
State Programme on Research and Conservation of Glaciers in Tajikistan for 2010-2030.
Programme on Resumption and equipment of anti-hail activities in the Republic of Tajikistan for 2007-2012.
National Programme on Phasing Out Ozone Depleting Substances (2001).
National Strategy and Action Plan on Conservation and Sustainable Use of Biodiversity (2003).
National Action Programme to Combat Desertification in the Republic of Tajikistan (2001).
National Action Plan of the Republic of Tajikistan on Climate Change Mitigation (2003).
National Profile on the Implementation of the Aarhus Convention (2004).
National Plan on implementation of commitments of the Republic of Tajikistan under the Stockholm Convention on Persistent Organic Pollutants (2007).



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