



# INFRASTRUCTURE GOVERNANCE ASSESSMENT



## TAJIKISTAN

### Context

Tajikistan grapples with limited access to quality infrastructure services, particularly in energy and transportation. Aging Soviet-era infrastructure like irrigation channels, roads, and electricity networks poses risks during extreme weather and earthquakes. Water infrastructure is outdated and inefficient, with high losses. Overall, the country's infrastructure quality ranks among the lowest in the region.

Climate vulnerability is exacerbated by insufficient infrastructure. Natural hazards like floods and earthquakes threaten communities, making air connectivity crucial for emergencies. The country's reliance on agriculture and hydropower increases susceptibility to climate change. Despite high public investment, the economy faces infrastructure gaps, especially in transport. Tajikistan's trade costs are among the world's highest due to its landlocked location, poor roads, and limited logistics support. Air transport is underdeveloped, ranking poorly globally.

Public investment is high but inefficient, and rising debt vulnerabilities are a concern. Public investment is largely concentrated in one hydropower dam (Rogun Hydropower Plant), which limits fiscal space for other public investments.

To meet infrastructure spending needs, Tajikistan must rely on funding from external partners and attract private financing by improving the investment climate and governance. However, the private sector remains underdeveloped due to regulatory challenges, including irregular taxes and retroactive audits.

Effective economic governance is vital, with these taxation and business regulations posing obstacles. Tajikistan also struggles with corruption and administrative requirements, hindering competitiveness and innovation.

Tajikistan needs comprehensive reforms to address these issues and promote sustainable development.

# Assessment Framework

In this context, the World Bank recently carried out an Infrastructure Governance (InfraGov) assessment in Tajikistan, to identify governance bottlenecks and recommend steps to unlock sector potential. The assessment spans the project lifecycle, cross-cutting principles, and service delivery. Key dimensions

include planning, efficiency, fiscal sustainability, and procurement, with climate change resilience and transparency principles. The sectoral focus in Tajikistan is aviation. The assessment highlights key governance challenges and offers practicable and actionable recommendations.

## Summary of key challenges and recommendations

A solid legal framework and the institutional capacity to **plan, assess, prioritize, and select infrastructure projects** is crucial in ensuring a coordinated infrastructure investment program



### CHALLENGES

- While the Public Investment Program (PIP) is theoretically underscored by a unified framework for selecting and developing public infrastructure, in practice, budget- and donor-funded / financed projects still undergo separate processes.
- The public investment system is misaligned and fragmented, and there are dispersed mandates over the various avenues of funding.
- The PIP is almost exclusively donor-funded/financed, highlighting the challenges Tajikistan faces to attract other financing sources.
- The role of the public private partnership (PPP) Center resembles more of an investment promotion agency as opposed to a policy developing and implementing body that enables private sector participation in infrastructure.
- There is limited consideration of climate-change resilience in project appraisal and selection processes.



### RECOMMENDATIONS

- Collaborate with line ministries to develop a more cohesive and strategic PIP pipeline of future projects based on strategic need, rather than available financing and ensure that the projects within the PIP are quantitatively categorized based on (a) strategic importance; (b) economic justification; (c) social impact; and (d) financing sources and sustainability.
- A Presidential Decree/Order of Government should redefine the institutional role of the Ministry of Economic Development and Trade (MoEDT) as the lead agency responsible for developing the PIP and leading the selection and prioritization process of projects, in collaboration with line ministries.
- The government should formulate a strategic agenda for PPPs that starts with incorporating PPPs in the PIP.
- Require the incorporation of climate-change considerations into project appraisal and set clear and transparent guidelines and requirements for a climate-informed project appraisal and selection.

**Economic efficiency and 'value for money' over the infrastructure lifecycle should be important criteria in the choice of infrastructure investments**



## CHALLENGES

- Maintenance costs are not required to be explicitly included in public investment development and financing for projects funded from the budget and from donors, limiting economic efficiency across the lifecycle of projects.



## RECOMMENDATIONS

- Require explicit classification of recurrent and capital costs in project proposals, particularly within project concept notes and feasibility studies for high-risk projects.

**Fiscal affordability and fiscal sustainability of infrastructure projects should be assessed and managed throughout their lifecycle**



## CHALLENGES

- Project proposals submitted for budget funding are not justified by any prefeasibility studies, which adversely impacts the fiscal sustainability of projects.
- The prevalence of unsolicited proposals in the portfolio, including as a major form of PPP identification, indicates that the government does not prioritize PPPs as a primary means of delivering infrastructure services.
- Fragmented systems for monitoring project execution make it difficult to accurately assess the fiscal affordability of projects throughout their life cycle.



## RECOMMENDATIONS

- Expand and strengthen the Investment Project Registry, including an assessment of what information this database contains and monitors, and what features need to be improved to consolidate all project information from all funding sources.
- Fully integrate PPPs in the budgetary cycle to ensure unity and comprehensiveness of the public budget to support this modality; develop accounting and reporting mechanisms for PPPs; and ensure disclosure of information on PPP-related public liabilities.

**Public procurement for infrastructure projects should be efficient, transparent, and support competition**



## CHALLENGES

- The draft Public Procurement law does not address potential conflicts of interest that may arise from the interdepartmental board.
- The dual regulatory framework for PPPs (Concession and PPPs laws) enables discretion in terms of procurement modalities.



## RECOMMENDATIONS

- Create a separate and independent body to handle procurement complaints.
- Adopt the draft PPP law (which combines the concession and PPP laws), eliminating the duality of the framework (including for procurement).

**Incorporating environmental and climate-change considerations is important to ensure sustainable and resilient public infrastructure**



## CHALLENGES

- It is unclear whether the environmental impact assessments adequately assess climate-change resilience.
- The government is building the institutional capacity to address climate-change risks, but this is still in its preliminary stages.
- Increased attention must be given to the risks of climate change in public infrastructure projects.



## RECOMMENDATIONS

- Reinforce efforts to integrate climate change in infrastructure planning by incorporating climate-change consideration into the environmental risk assessments required by law for every infrastructure project.
- Undertake a data readiness exercise for gaps in monitoring and screening infrastructure projects for climate-change risks.
- Ensure adoption of annual climate-change action plans.

Strengthening  
budget  
accountability  
and transparency  
can promote  
better  
infrastructure  
strategies and  
projects



## CHALLENGES

- There is still room for improvement in the budget process to ensure cohesive public participation and civil engagement.
- The Chamber of Accounts (CoA) has taken steps to improve transparency and accountability; however, it is constrained by the limited collection of consolidated government financial statements.



## RECOMMENDATIONS

- Require all ministries and agencies to submit annual financial statements to the Ministry of Finance (MoF).
- Ensure the CoA has the needed information to audit all annual financial statements of all ministries and agencies.
- Develop an action plan to strengthen public participation in the budget, especially for the identification of investment needs or priorities.



**The governance of State owned enterprises (SOEs) should be transparent and efficient, with strong corporate governance mechanisms in place**



## CHALLENGES

- The governance of SOEs is still characterized by a lack of transparency, inefficiencies, and weak corporate governance.
- There is no centralized ownership policy for SOEs.
- The practice of financial reporting is complex, and no single authority has a full overview of the entire SOE sector.
- While the State Committee on Investment and Management of State Property (SCIMSP) has a prominent role in relation to public enterprises, the institution lacks capacity and policy instruments to fully act within its remit, particularly as far as state unitary enterprises are concerned.
- MoEDT plays a role in contributing to the SOE reforms, but its functions remain formalistic.
- Transparency and accountability in SOEs are lacking because of insufficient public disclosure of financial information.



## RECOMMENDATIONS

- Develop and approve an SOE ownership policy and centralize the oversight function which is now led by the Executive Office of the President, MoF, SCIMSP, and line ministries.
- Broaden MoF oversight of SOE financial performance and fiscal risks to include all SOEs or at least a greater number of large SOEs.
- Ensure that SOEs publish their financial statements and audit reports.
- Publish annual aggregated and/or consolidated reports on the SOE portfolio's performance.
- Develop a comprehensive, multiyear action plan for better SOE governance.
- Increase SOE commercialization and private sector participation in renewable energy, transport, and water sectors.

Good governance and strong competition in the aviation sector can support the delivery of high-quality infrastructure services



## CHALLENGES

- The lack of strategic planning for infrastructure needs is impacting the aviation sector.
- The current regulatory model in the aviation sector does not incentivize cost efficiency.
- Air transportation services remain unduly costly.
- The country has taken steps toward the gradual liberalization of international aviation travel, but market access remains restricted, adversely impacting connectivity and airfares.



## RECOMMENDATIONS

- Align the institutional and regulatory framework (particularly regarding safety) in aviation with international best practices.
- Prioritize initiatives to expand market access to key aviation subsectors, focusing on market access extensive margin, intensive margin, and the level of market competition.
- Increase and prioritize investments in airport infrastructure and enhance service delivery to focus on maintaining levels of service for passengers (especially Dushanbe at busy hours), improving its compliance with local and global safety and industry accreditation standards.





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