



HIGH-LEVEL SUMMARY TECHNICAL ASSISTANCE REPORT

REPUBLIC OF TAJIKISTAN

Public Investment Management Assessment
with the Climate Module

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High-Level Summary Technical Assistance Report Fiscal Affairs Department

Republic of Tajikistan: Public Investment Management Assessment with the Climate Module
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The *High-Level Summary Technical Assistance Report* series provides high-level summaries of the assistance provided to IMF capacity development recipients, describing the high-level objectives, findings, and recommendations.

ABSTRACT: The assistance assessed Tajikistan's public investment management practices and their climate sensitivity using the Public Investment Management Assessment (PIMA) with the Climate Module (C-PIMA). Tajikistan was found to perform well in some areas of the PIMA and C-PIMA, but there were gaps in others. In particular, parallel external and internally financed processes present recurring challenges across Tajikistan's public investment management framework. Implementing a comprehensive framework for portfolio oversight and management that encompasses all investment projects, irrespective of their funding source, would also be especially beneficial.

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Background

Tajikistan has emphasized infrastructure development as central in its sustainable growth and climate goals. Investments in public infrastructure in Tajikistan have surged since the mid-2000s, with public investment per capita notably higher than in regional counterparts and emerging markets. The Rogun Hydropower Plant, a key investment initiative, stands at the forefront of this investment surge. Started in the early 1970s and expected to be completed by 2035, this plant, upon completion, will be the largest hydropower station in Central Asia, significantly boosting the country's energy capacity. Tajikistan, with its glacier-fed rivers and reliance on hydropower, is especially susceptible to climate change, highlighting the critical need for a robust climate-sensitive approach in its public investment management. To strengthen public investment management practices and their climate sensitivity in Tajikistan, this assistance from the Fiscal Affairs Department assessed those practices in Tajikistan using the IMF's [Public Investment Management Assessment \(PIMA\)](#) and the [Climate Module \(C-PIMA\)](#).

Summary of Findings

Tajikistan demonstrates a relatively solid institutional framework in some public investment management areas, but there are critical gaps in others. Institutional design in the areas of fiscal targets, multi-year budgeting, maintenance funding, and monitoring of public assets is relatively strong. However, there are also important gaps. In comparison to country peers and emerging market economies, Tajikistan shows relative weakness in the areas of alternative infrastructure financing and especially portfolio management and oversight. There are substantial gaps between the intended design of some parts of the public investment management framework, and their ultimate effectiveness. The effectiveness of project appraisal, maintenance funding, and project selection significantly lags the intentions laid out in their design. This disparity is due to the lack of rigorous implementation of appraisal processes, particularly for internally funded projects, and insufficiently detailed and operational project selection criteria.

Parallel external and internally financed processes present recurring challenges across Tajikistan's public investment management framework. National and sectoral planning are disjointed with no comprehensive framework encompassing both internally and externally funded projects. In project appraisal and selection, a clear divide exists between processes for internally and externally funded projects, leading to inconsistent appraisal standards and a lack of strategic alignment. These challenges extend to the monitoring of the portfolio of projects, where portfolio oversight exists only for development partner projects, and there are no formal mechanisms for the oversight and review of internally funded projects.

Tajikistan has a comprehensive Nationally Determined Contribution Implementation Plan, which outlines a series of actions aimed at climate adaptation and mitigation. Despite these efforts, there remain substantial gaps in matching the aspirations of the climate commitments with the processes and systems of the public investment management framework in Tajikistan. Gaps remain in integrating these climate commitments within national and sectoral public investment strategies, plans, and processes. Current legislation on spatial and urban planning and construction does not adequately address climate-related risks, underscoring the necessity for legislative updates to incorporate climate mitigation and adaptation measures. Furthermore, Tajikistan's approach to climate change in the context of public investment lacks centralized, technical guidance, hindering the preparation and costing of climate-aware public investment plans.

Summary of Recommendations

Tajikistan's public investment management framework would benefit from implementing targeted recommendations that focus on weaving processes for internally and externally funded projects together. Central to these is the alignment of externally and internally funded projects into a single, cohesive pipeline. Appraisal regulations should be clarified and enforced, and climate change aspects should be incorporated in both the requirements for appraisal and the criteria for selection. Implementing a comprehensive framework for portfolio oversight and management that encompasses all investment

projects, irrespective of their funding source, would also be especially beneficial. A fiscal risk statement that covers all contingent liabilities, including climate-related risks, would enable more informed decision-making and risk management. Capacity and staffing gaps, including in the climate change area, will also need to be addressed.