

**PROJECT INFORMATION DOCUMENT (PID)
IDENTIFICATION/CONCEPT STAGE**

Report No.: PIDC100494

Project Name	CASA-1000 Community Support Project (Tajikistan)
Region	EUROPE AND CENTRAL ASIA
Country	Tajikistan
Lending Instrument	IPF
Project ID	P162733
Borrower Name	Ministry of Finance
Implementing Agency	OJSHC Barki Tajik, Ministry of Energy and Water Resources
Environment Category	B - Partial Assessment
Date PID Prepared	22-Dec-2016
Estimated Date of Approval	15-Jan-2018
Initiation Note Review Decision	The review did authorize the preparation to continue

I. Introduction and Context

Country Context

With a population of 8.4 million and a GNI per capita of \$1,080 in 2014, Tajikistan is the poorest country in the Europe and Central Asia (ECA) Region. Following the end of the civil war in 1997, the national poverty rate fell significantly from 72 percent in 2003 to 47 percent in 2009, 37.4 percent in 2012 to 32 in 2014 and further to 31.3 percent in the third quarter of 2015. Also following the war, economic growth was robust at 7.9 percent on average per annum.

In recent years, the pace of poverty reduction has slowed due to lower real remittances and limited job creation in the domestic formal sector. Growth rates have vacillated. In 2015, real GDP growth slowed to 4.2 percent from 6.7 percent the previous year due to Russia's economic slowdown, weak global prices for key export commodities, and low expansion of services and agriculture. Worker's remittances dropped by 50 percent in US dollar terms. This translated into lower incomes of the population and subsequently in lower domestic demand and slower growth. During the first half of 2016, Tajikistan's economy grew by a robust 6.6 percent, year-on-year (y/y), supported by a substantial increase in public investment. The sources of growth shifted from services to industry, construction and, more recently, agriculture. Growth in construction and agriculture tends to be especially pro-poor, as these sectors employ a large number of low-skilled workers.

Tajikistan faces an array of governance challenges. The country scores well below the ECA average on governance indicators, such as citizen trust in the national budgeting process, electoral process and participation, and ability of the judicial branch to limit conflicts of interest in public administration and decision-making. Tajikistan also saw one of the largest declines globally on the 2015 Freedom House index of conditions for political rights and civil liberties. Civil society is increasingly weak and restricted in its activities. Such conditions pose significant challenges for the efficient, transparent use of public resources to deliver services.

Sectoral and Institutional Context

73 percent of Tajikistan's population resides in rural areas, where poverty rates in 2015 were higher (35.2 percent) relative to urban areas (23.2 percent). This disparity is reflected in access to services including energy, drinking water, and sanitation. Reliable access to energy and clean water are critical contributors to human development outcomes in Tajikistan. The cessation of the regional energy trade after independence combined with insufficient investment in alternative energy options and infrastructure has reduced access to energy. Poor infrastructure and poor water quality have limited access of water, particularly among those living in rural areas. The deterioration of these services has had a cascading negative impact on the delivery of health and education services.

Tajikistan experiences severe energy shortages in the winter amounting to approximately 2,700 GWh. Overall, households spend 16 percent of their expenditure on fuel. A 2014 World Bank study showed that the poorest quintile in rural areas spends nearly 25 percent of monthly consumption on energy. The coping mechanisms they adopt to manage expenses include cutting expenditures on food and clothes, potentially challenging for those at risk including single mothers, families with many children, and pensioners living alone. In addition, households often turn to inefficient and unhealthy sources of energy leading to respiratory illnesses from indoor pollution. High consumption of wood-fuel (estimated at an annual per capita rate of 3 to 4 cu m) is contributing to deforestation of already limited forest stock.

Energy shortages mean that many community facilities, schools and health centers, are unable to provide year-round services.

Water access and safety are also challenges. In rural areas, water access stands at only 47 percent. Water infrastructure is dilapidated and non-functioning water pumps (sometimes due to lack of electricity) inhibit access for water. Lack of water is disproportionately felt by girls and women in terms of the time burden increase for collecting water and also for young girls who may miss class during their menses due to insufficient water in schools. Water safety is a concern in most rural schools and medical institutions as many water sources are contaminated leading to a high risk of waterborne diseases. Poor water storage methods also result in contaminated water.

The National Development Strategy (NDS, 2016-2030), approved in April 2015, acknowledges the need for further attention on social services and highlights the links between inadequate energy and water supply for the effective delivery of health and education services. In addition, government has prioritized spending in the social sectors and energy.

The Government of Tajikistan is in the process of implementing the 2009 Law on Local Self-Government in Towns and Townships, which emphasizes fiscal decentralization and local services reform. Findings from a recent USAID survey of local governance in Tajikistan point to both the challenges in improving local governance, opportunities to strengthen capacity of local institutions to engage citizens and deliver better services, including dispute resolution, as well as low underlying levels of trust that exist in Tajik society. Realization of the law has been slow and local governance institutions are still weak. Government continues to signal greater focus on rural development with the announcement in late-2014 of a Committee for Rural Development.

Any engagement on service delivery in the rural space should support government efforts but will

need: flexibility given the evolution of local governance, and opportunism to identify collaboration and synergies with actors who may be working outside of the existing system through NGOs.

Relationship to CAS/CPS/CPF

The CPS (FY15-18) aims to expand economic and social opportunities for the private sector and excluded groups. The CPS has three pillars: private sector led growth, social inclusion, and regional connectivity. The proposed Community Support Project (CSP) contributes to the social inclusion pillar through its focus on improving access to services among the rural poor. The proposed project will also contribute to the Bank's twin goals of eradicating extreme poverty and boosting shared prosperity through its focus on basic services in mostly rural areas where coverage is low and most of the poor live.

The genesis of the CSP is the CASA-1000 project which is financing the construction of a transmission line, converter stations, and associated infrastructure in Tajikistan, the Kyrgyz Republic, Pakistan, and Afghanistan. It is envisioned that the CSP will provide benefits in the form of development investments to communities in the CASA-1000 corridor of impact in an effort to mitigate against community level conflicts caused by discontent over electricity exports amidst energy shortages. In terms of processing, while the CSPs are included as a distinct component in the CASA-1000 project: (a) each country-specific CSP is being prepared separately from the others, (b) although linked directly to CASA-1000 implementation, each CSP is being prepared separately from CASA-1000 (in some cases as a stand-alone project), and (c) financing for the CSPs is separate from the IDA allocation for CASA-1000

The CSP is, and will continue to be, informed by previous work such as, the 2012 Study on Community Benefit Sharing Arrangements in Tajikistan and Kyrgyzstan; the Winter Energy Report (2012); and the Assessment of Household Energy Deprivation in Tajikistan (2014). In addition, it notes donor-financed work including that financed by the Asian Development Bank and undertaken by GiZ and the Aga Khan Development Foundation.

II. Project Development Objective(s)

Proposed Development Objective(s)

The overall objective of the CSP is to increase access to social and economic infrastructure services to communities in the project area to strengthen community support for the CASA-1000 transmission line.

Key Results

Percentage of communities benefiting from access to improved drinking water connection

Percentage of communities benefiting from access to energy efficient technologies

Percentage of representatives in community based decision making and management structures that are women and from marginalized groups

Percentage of households participating in the CSP who express satisfaction with the transmission line project

III. Preliminary Description

Concept Description

IV. Safeguard Policies that Might Apply

Safeguard Policies Triggered by the Project	Yes	No	TBD
Environmental Assessment OP/BP 4.01	x		
Natural Habitats OP/BP 4.04			x
Forests OP/BP 4.36		x	
Pest Management OP 4.09		x	
Physical Cultural Resources OP/BP 4.11		x	
Indigenous Peoples OP/BP 4.10		x	
Involuntary Resettlement OP/BP 4.12		x	
Safety of Dams OP/BP 4.37		x	
Projects on International Waterways OP/BP 7.50		x	
Projects in Disputed Areas OP/BP 7.60		x	

V. Financing (in USD Million)

Total Project Cost:	10	Total Bank Financing:	0
Financing Gap:	8		
Financing Source			Amount
Community and Capacity Development Support Program			2

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