



Tajikistan

Population ¹	9,100,837
Area (km ²) ¹	141,380
GDP per capita (USD) ¹	826.62
TES (Mtoe) ²	3.51
Energy intensity (toe/10 ³ 2015 USD) ²	0.36
CO ₂ emissions - energy (MtCO ₂) ³	6.8

There is no data by Orbis Crossborder Investment on completed energy projects and deals from 2015-2021

Sources:

1. The World Bank 2018
2. ©IEA (2021), World Energy Balances (<https://www.iea.org/data-and-statistics>). All rights reserved.
3. ©IEA (2021), CO₂ Emissions from Fuel Combustion (<https://www.iea.org/data-and-statistics>). All rights reserved.

Tajikistan’s overall risk level against the assessed areas is **moderate**.

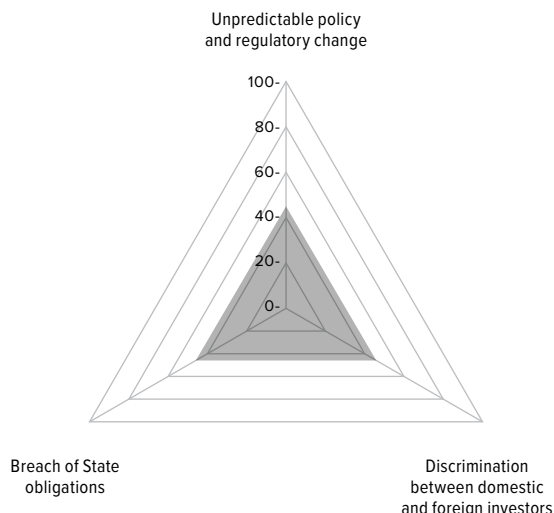
Of the three risks assessed in EIRA, *unpredictable policy and regulatory change* is lower compared to *discrimination between domestic and foreign investors* and *breach of State obligations*.

Tajikistan’s performance is good on one indicator, and it is moderate on three indicators. The highest-scoring indicator is *management of decision-making processes* at 61. On *rule of law*, it has received a score of 54, followed by *foresight of policy and regulatory change* at 50. The score on *regulatory environment and investment conditions* is the same as in EIRA 2020, at 47.

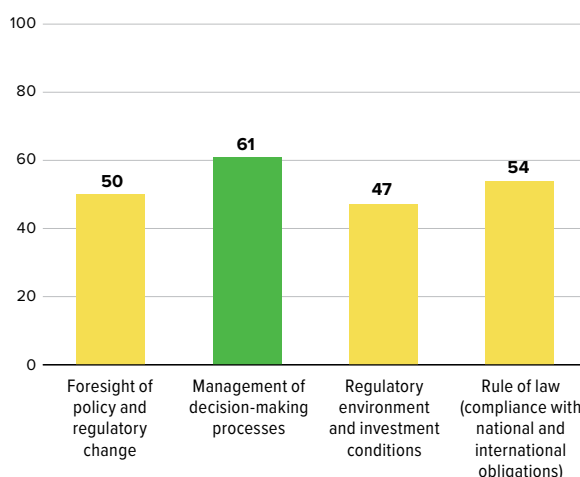
On a more detailed level, Tajikistan’s overall sub-indicator performance is moderate. The highest-scoring sub-indicator continues to be *institutional governance* at 75. Its score on the sub-indicator *communication of vision and policies* has improved by seven points and is now 63. It has maintained its scores from EIRA 2020 on *respect for property rights* (58), *management and settlement of investor-State disputes* (50), and *restrictions on FDI* (50). Its score is 47 on *transparency* and 44 on *regulatory effectiveness*. *Robustness of policy goals and commitments* continues to be the lowest-scoring sub-indicator at 38.

While there are some improvements in Tajikistan’s performance compared to EIRA 2020, further steps must be taken to build on the work done. Particular attention should be given to strengthening the robustness of its policy goals and commitments.

RISK LEVEL



INDICATOR PERFORMANCE

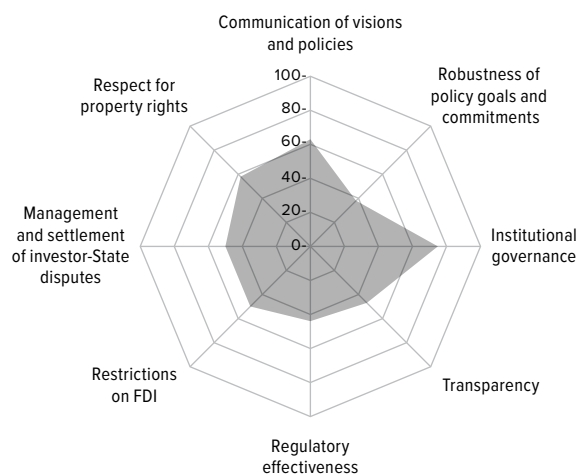


YEAR-ON-YEAR COMPARISON

RISK AREAS	2020	2021
Unpredictable policy and regulatory change	46	45
Discrimination between domestic and foreign investors	46	46
Breach of State obligations	46	46

INDICATORS	2020	2021
Foresight of policy and regulatory change	47	50
Management of decision-making processes	61	61
Regulatory environment and investment conditions	47	47
Rule of law	54	54

SUB-INDICATOR PERFORMANCE



Foresight of policy and regulatory change

QUICK FACTS

Tajikistan's principal strategy documents are the National Development Strategy 2030 (NDS) and the Concept for Transition to Sustainable Development 2030 (Concept).

Tajikistan ratified the Paris Agreement in 2017 and submitted its first INDC.

STRENGTHS

Tajikistan's main energy priorities are strengthening energy security, power reliability, and access to electricity. To this end, since 2020, the Ministry of Energy and Water Resources (MEWR), and the Ministry of Finance (MoF), are implementing the World Bank-financed Tajikistan Rural Electrification Project in the Southern Tajikistan region. Moreover, the Government anticipates that the country's largest energy project, the 3600 MW Roghun HPP, will become operational by 2033. Efforts are also underway to improve the power infrastructure's resilience. To implement Tajikistan's part of the Central Asia-South Asia (CASA)-1000, the Government announced, in March 2021, that it has allocated USD 111 million to construct 500 kV transmission lines and a converter substation in Sangtuda. Also, in the same month, the MEWR commissioned a new 110/32/10 kV substation in Dushanbe to stabilise the power supply for over 18,000 residents.

The Government is trying to increase fiscal accountability by making information on the State budget's utilisation publicly accessible. The MoF has published the country's Medium-term Public Expenditure Programme for 2021-2023, setting guidelines for the State budget's planning, revenues, sectoral expenditures' projections, and macroeconomic forecasts. Moreover, international financial institutions independently evaluate the energy projects funded by them, such as the Energy Loss Reduction Project financed by the European Bank for Reconstruction and Development (EBRD) and the Reconnection to the Central Asian Power System Project funded by the Asian Development Bank (ADB). The interim and final implementation reports for these projects assess the completion status of different components and their social and environmental impact. On 13 January 2021, the Statistical Agency of Tajikistan published its report on the country's socio-economic situation in 2020.

AREAS FOR IMPROVEMENT

The Government should prepare an integrated energy strategy for the next 10-20 years. An action plan with implementation measures and deadlines, mechanisms to mobilise funding, and contemporary monitoring and evaluation processes should accompany the strategy.

Since the National Programme for the Development of Renewable Energy and Construction of Small Hydropower Plants for 2016-2020 expired in December 2020, the Government should prepare and approve a new programme that sets priorities and target in this area for the medium term (2025) and long term (2050 and beyond).

Management of decision-making processes

QUICK FACTS

The MEWR frames and implements the national electricity policies and programmes.

The State Committee on Investments and State Property Management (State Committee) formulates investment, entrepreneurship, State property management, and privatisation policies.

STRENGTHS

Tajikistan is making efforts to improve its investment and business climate. The Consultative Council on the Improvement of the Investment Climate (CCIIC), chaired by the President of Tajikistan, coordinates activities in this area. In 2020, the CCIIC established a task force to improve the investment climate in the industrial sector. On 25 February 2021, this task force submitted to the CCIIC a report making recommendations to create better investment conditions. Moreover, to increase the efficiency of public services, in early 2021, the Government circulated a draft action plan with short-term, medium-term, and long-term targets for introducing e-government services. The draft action plan aims to establish new single-window services that will considerably simplify administrative processes for potential and existing entrepreneurs. On 1 September 2020, the Ministry of Economic Development and Trade launched a single-window service to register export, import and transit operations.

In 2020 and 2021, Tajikistan made legal information accessible to investors and the public. It recently adopted Law no. 1783/2021 "On Access to Information on the Work of Courts" that guarantees all citizens access to information held by national courts. It regulates the rights and responsibilities of parties providing and receiving such information, the methods for accessing information, and the operations of courts' websites. In addition, Tajikistan enhanced its legal framework on fighting corruption. On 7 August 2020, the Parliament adopted Law no. 1714/2020 "On Anti-Corruption", which defines legitimacy, objectivity, transparency, publicity and equality before the law as the main principles to combat corruption. It underlines the need for cooperation between State authorities and civil society institutions in achieving its objectives. Tajikistan has also advanced with its goal to ensure an open and fair public procurement process. The website of the Agency on Public Procurement of Goods, Works and Services contains a database of the relevant legal acts and information on the public procurement procedures. It also runs a portal with data on all public tenders awarded since 2020.

AREAS FOR IMPROVEMENT

The Government is encouraged to set up e-government services for all State authorities and ensure the full digitalisation of public services provided to citizens and businesses. Moreover, all Government websites should be regularly updated to provide relevant and comprehensive information.

Regulatory environment and investment conditions

QUICK FACTS

The Anti-Monopoly Service under the Government of Tajikistan regulates the electricity market.

The Law no. 357/2016 “On Investment” protects private investments in the country.

STRENGTHS

The Government is implementing various reforms in the energy sector with support from international financial institutions. In December 2020, it launched the Power Sector Development Programme financed by the ADB. The USD 105 million Programme contains a policy component that foresees the unbundling of the State-owned power utility, Barki Tojik. It also aims to establish an independent energy regulator, develop a new electricity tariff methodology, restructure the utility’s debt, and establish a centralised cash control unit to address priority payments and commercial liabilities. Apart from this Programme, on 22 June 2021, the MoF signed a USD 25 million loan agreement with the EBRD to implement the Dushanbe Energy Loss Project by the OJSC “Electricity Distribution Network”. The project aims to reduce Dushanbe’s power distribution network losses and enhance its financial efficiency by replacing outdated infrastructure, installing contemporary billing and metering systems, and improving revenue collection.

Tajikistan continues to attract financing from various sources for its energy projects. According to the Statistical Agency, between 2007 and 2020, the country’s total financial inflow from investment and loans reached USD 10.294 billion, of which USD 596.8 million was in the energy sector. Currently, US-based GE Renewable Energy and Cobra Group, a subsidiary of the Spanish-based ACS Group, are refurbishing the 126 MW Qairokkum HPP. The project foresees the upgrade of six turbines and generators and a 35% increase in the HPP’s capacity, reaching 174 MW by 2023. The project cost of USD 71 million is provided to Barki Tojik from loans and grants financed by the EBRD and the Pilot Programme for Climate Resilience. In November 2020, the MEWR commissioned a 220 kW solar power plant and a hybrid energy storage plant in a remote community of Murghab. The facility will be an additional source of electricity for 6,000 residents.

AREAS FOR IMPROVEMENT

To enhance Barki Tojik’s revenue collection rate and ensure sufficient funding is directed to the rehabilitation of the energy system, the Government should revise the current electricity tariffs of State-owned enterprises and ensure these are cost-reflective to the greatest extent possible.

There should be more clarity on the economic sectors open to PPP projects, the potential benefits private partners can avail from entering into PPPs, the criteria for pre-feasibility and feasibility studies, and the list of State institutions involved in the selection committees.

Rule of law

QUICK FACTS

Tajikistan ratified the ECT in 1997.

Tajikistan is a Contracting State of the Convention on Recognition and Enforcement of Foreign Arbitral Awards since 2012.

STRENGTHS

Law no. 1753/2015 “On International Commercial Arbitration” ensures access to arbitration by investors. It states that arbitration proceedings should ensure the equal rights of parties, the freedom to select the arbitration panel, priority to commonly accepted principles of international law, and the independence and impartiality of the arbitrators. It also establishes the International Arbitration Court at the Chamber of Commerce and Industry (CCI) of Tajikistan. In April 2020, the CCI inaugurated the Mediation and Negotiation Centre to institutionalise mediation as a form of alternative dispute resolution in the country and train the local mediators. Since May 2020, the CCI website publishes the registry of mediators. Moreover, the Government is determined to undertake reforms that will strengthen the judicial system. The State Judicial Reforms Programme for 2019-2021 focuses on improving the enforcement of judgements and updating legislation on enforcement proceedings, access to information, and the Civil and Criminal Codes.

Law no. 357/2016 “On Investment” includes ownership of IP rights in the definition of “investment”. Expropriation for reasons of “interest of the State or society” is only possible upon the payment of timely, adequate and effective compensation. This law also grants foreign investors the right to purchase or lease land for undertaking projects. The local legislation does not contain provisions restricting the transfer of technology in the energy sector. Tajikistan has been a member of the WTO since 2013. It is a contracting party of the Convention on Establishment of the World Intellectual Property Organization since 1991. Tajikistan has signed and ratified BITs with 35 countries, of which 24 are in force, and seven treaties with investment protection provisions, of which six are in effect.

AREAS FOR IMPROVEMENT

Law no. 357/2016 “On Investment” requires the State to pay timely and adequate compensation, but it does not provide details on the compensation valuation process. Tajikistan should consider amending the national laws to define the criteria for “State interest” and “public interest” as grounds for expropriation, introduce a process for determining compensation, and set a timeframe to make the payment.

The Government may establish an investment ombudsperson to resolve conflicts between investors and public authorities early on. It may utilise the Energy Charter Model Instrument on Management of Investment Disputes that aims to assist States in handling investment disputes in keeping with their particular needs.

IMPLEMENTATION STATUS



Tajikistan

PROPOSED IN	EIRA AREAS FOR IMPROVEMENT	IMPLEMENTATION STATUS AS OF 1 APRIL 2021
Indicator 1		
2020	Prepare an integrated national energy strategy, and an accompanying action plan, for the next ten to twenty years. The strategy should outline the energy sector priorities, and be compatible with the National Development Strategy 2030, the Concept for Transition to Sustainable Development 2030, and the Central Asia Regional Economic Cooperation Energy Strategy 2030.	Pending
	Develop an up-to-date policy monitoring and evaluation system. Regularly publish all the relevant energy data, and provide updates on the progress made towards meeting the national energy targets.	Pending
2021	Prepare and approve a new programme that sets priorities and targets for the medium-term (2025) and long-term (2050 and beyond) towards developing renewable energy and constructing small HPPs.	Improvement suggested in 2021. Status will be updated in 2022.
Indicator 2		
2020	Digitalise public services and encourage State agencies to use electronic communication and public administration tools in their daily work. Regularly update the official websites of the State agencies.	Work ongoing. The Government circulated a draft action plan with short-term, medium-term, and long-term targets towards introducing e-government services. The draft action plan envisages new single-window services that will considerably simplify administrative processes for potential and existing entrepreneurs. On 1 September 2020, the Ministry of Economic Development and Trade launched a single-window service to register export, import, and transit operations.
	Consider expanding the scope of Tajinvest to provide one-stop shop services and launch an investment portal, similar to the trade portal run by the Ministry of Economic Development and Trade.	Pending
Indicator 3		
2020	Establish an independent regulatory agency that will ensure a competitive and fair energy market. Reconsider the electricity subsidies currently given to State-owned entities, such as the Tajik Aluminium Company (TALCO) which consumes almost 50% of the total electricity produced in Tajikistan.	Work ongoing. In December 2020, the Government launched the Power Sector Development Programme financed by the Asian Development Bank. The USD 105 million Programme contains a policy component that foresees the unbundling of the State-owned vertically integrated power utility, Barki Tojik. It also aims to establish an independent energy regulator, develop a new electricity tariff methodology, restructure the utility's debt, and establish a centralised cash control unit to address priority payments and commercial liabilities.
	Publicise the economic sectors open to PPP projects, the potential benefits for private partners, the criteria for pre-feasibility and feasibility studies, and the list of State institutions involved in the selection committees.	Pending
Indicator 4		
2020	Consider amending the national laws to set the criteria for "State interest" and "public interest" as grounds for expropriation. Provide a clear description of the process for determining compensation in the event of expropriation.	Pending
2020	Establish an investment ombudsperson to resolve disputes between investors and public authorities early on. Utilise the Energy Charter Model Instrument on Management of Investment Disputes to enhance the management of investment disputes, while keeping in mind the country's particular needs.	Pending
2021	Define in the law a timeframe for providing compensation in the event of expropriation.	Improvement suggested in 2021. Status will be updated in 2022.