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Glossary of Terms

This report uses English equivalents for the name of the tiers of government in Tajikistan.

Oblast	Region or the Government of Region
Rayon	Rural District or the Government in a Rural District
City	City or the Government of a City
Jamoat	Towns and Villages, or Self-Government of Towns and Villages

The direct translation of the term used to refer jointly to the governments of regions, rural districts and cities is “local bodies of state power.” The report maintains that term as there is no commonly used equivalent in English for this form of sub-national government, which the last section of the report describes as a “hybrid.”

“Local self-government” refers exclusively to government as currently structured in towns and villages. The term connotes a form of government that is different than that of the local bodies of state power. Finally, the report uses the term sub-national government to refer jointly to the local bodies of state power and local self-governments, that is, all forms of government that exist by law below the national level.



A. Introduction

This report is an update of the *Assessment of Intergovernmental Relations and Local Governance in the Republic of Tajikistan* prepared in 2003 for the USAID Central Asian Republics Local Government Initiatives Phase II project. The objective of the report is to identify and describe changes in the system of sub-national government in Tajikistan that have occurred since that date. The report also looks at the status and expectation for reforms of the system of sub-national government. The findings of the report are effective through May 2009.

Sections B to D of the report describe changes in the system of sub-national government since 2003. The remaining Sections – E to G – discuss the prospects for reforms to the system of sub-national government in Tajikistan in the near and medium term.

Sources for this report include meetings with government officials at the central and sub-national levels, and with foreign consultants working on international donor projects covering topics that bear on the present and future context for sub-national government. Sources include as well a review of relevant reports, data and other written materials.

Summary Trends in Sub-National Government in Tajikistan:– 2002 – 2009

The system of sub-national government in Tajikistan has not changed much since 2002.

- ❖ There have been few changes of some importance in the legal framework for sub-national government since 2002
 - Land plots are now allocated by the city and rural district governments instead of the self-governments of towns and villages. This took away an important function of the latter, at least under present circumstances, in which the State owns vacant land surrounding existing towns and villages.
 - Citizens can now be appointed the chair of local bodies of state power even if they are not elected members of the corresponding local council
 - Customs and Drug Enforcement employees and the military can now be elected to the local council of regional, rural district and city governments
- ❖ Sub-national functions and sources of financing remain basically the same through 2008. Significant changes occurred in the list of shared national taxes in 2009, but absent data on actual revenues it was not possible to assess their impact.
- ❖ Aggregate sub-national expenditures changed as follows:
 - Aggregate sub-national education and health expenditures as a share of total sub-national expenditures grew from 50 percent in 2002 to 85 percent in 2009 (plan)



- Sub-national government expenditures for public order and general state services ceased in 2003 as the result of a change in the budget classification system
- ❖ Hands-on experiences in the field, many of them supported by USAID, have demonstrated that it is feasible and productive to introduce good governance practices and take steps to improve services at the level of city and rural district governments as well as the self-governments of towns and villages.
- ❖ Donor-driven public financial management reforms are increasing the power of the central government at the expense of sub-national governments.

What further changes are likely to occur in sub-national government in the near future?

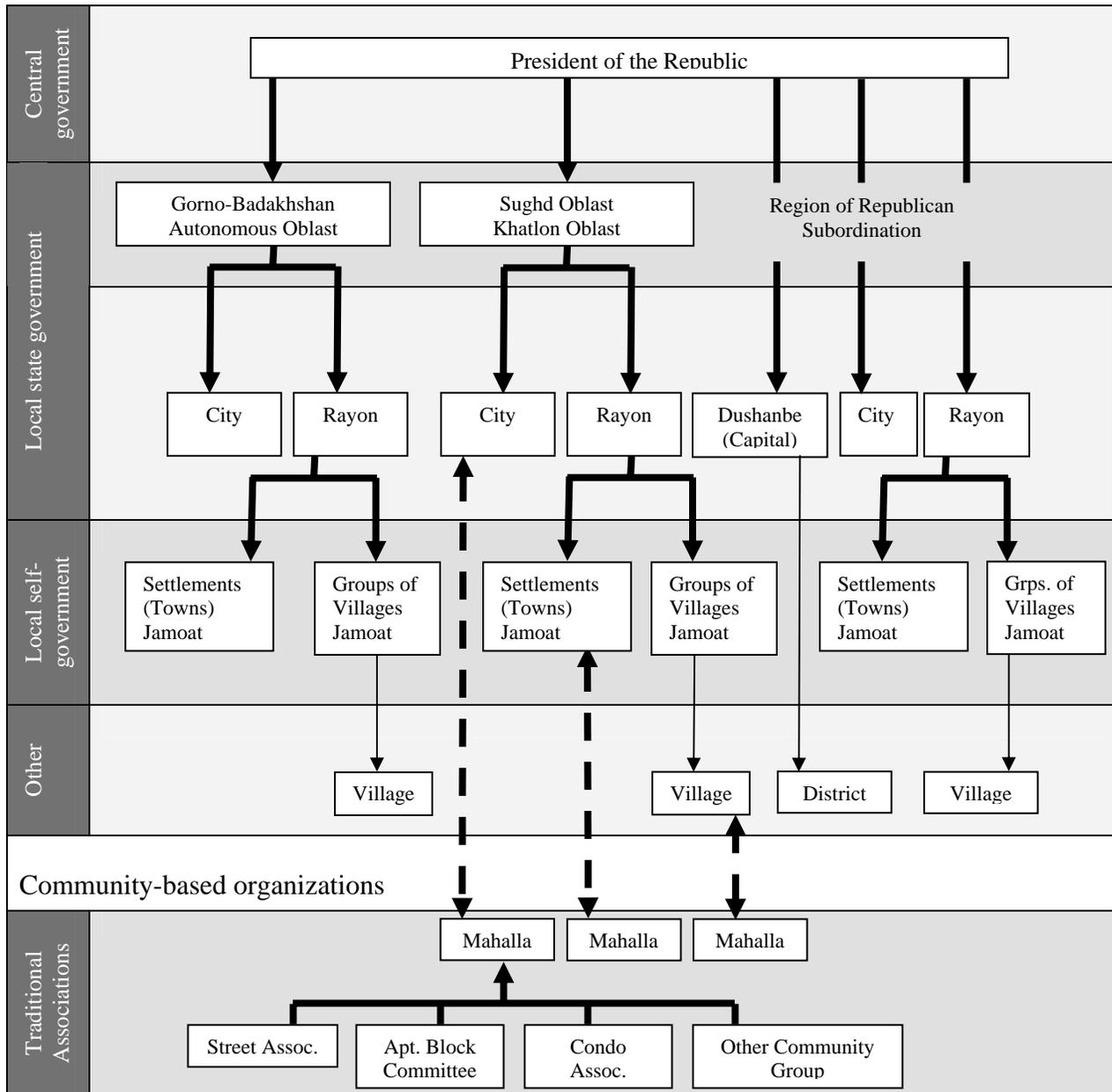
- ❖ The legal advisor to the President expects that the Government will present a new *Law on Local Self Government in Towns & Villages* to Parliament in 2009. As presently written that draft law would establish a reasonably autonomous system of local self-government that is designed to be directly accountable to citizens.
- ❖ The Public Administration Reform Strategy has provided the basic thrust for the future decentralization of the State Unitary Enterprise (SUE).
- ❖ The implementation of budget, accounting and civil service reforms at the national level will lead inevitably to reforms to the present system of sub-national government. This will be an excellent opportunity to seek to introduce parallel reforms to make sub-national government more accountable and responsive to citizens, including a more specific assignment of functions for sub-national governments, especially self-governments. Failure to do so may lead to further centralization of government in Tajikistan. The adoption and implementation of a new *Law on Local Self Government in Towns & Villages* would be an excellent starting point for the renewed decentralization process.
- ❖ The unknown obstacle to such reforms is the role that sub-national power brokers play in the political system of Tajikistan. This role is poorly understood and has been described by one author as “invisible to foreigners.”¹ It is not clear or easy to predict whether or how these power brokers would react to the reforms.



B. Much about Sub-National Governments Has Remained the Same

The legal framework for sub-national governance has changed little since 2002. For example, the provisions on local powers (governments) in the Constitution of the Republic of Tajikistan are the same. There are some instances of new or amended legislation. In general, their impact is marginal. Figure 1² shows the structure as it existed in 2002 and still applies in 2009.

Figure 1 – Structure of Sub-National Government in Tajikistan





The most notable change in the legal framework is the adoption in 2004 of a new law “*On local bodies of state power*” that replaced the law adopted in 1994.³ Major features of this new law compared to the earlier version include:

- Not just members of the local council may be appointed as the chair. Any citizen may now be appointed to that position.
- Local bodies of state power may now delegate functions to local self-governments.

In 2008, Parliament adopted amendments to the Law “*On bodies of local self government in settlements and villages*” originally adopted in 1994.⁴ The most significant of these

- Granted to the town and village self-governments the responsibility for the implementation and observance of the Law “*On regulating traditions, celebrations and ceremonies.*”
- Took away from the town and village self-governments the responsibility for the allocation of land plots, leaving them instead with the right to submit proposals on allocation of land plots to the city and rural district governments, which now have the responsibility to allocate plots.⁵

In 2007, Parliament adopted amendments to the law “*On elections of Deputies to local council of people’s deputies*” of 1999.⁶ The amendments allow employees of customs bodies, of the Agency for drug control and the military to stand for office as a member of local council.

In 2003, the Law “*On basis of budget system and budget process*” of 1997 was abrogated.⁷ Article 17 of the 1997 law stated that revenues received in excess of budget projections as well as any excess of local revenues over local expenditures resulting from “saving” in planned expenditures are retained by the local councils and will be spent at the discretion of local executives in cities and city and rural district governments. The additional revenue had no impact on the amount of subventions or subsidies. This provided a measure of budgetary discretion to sub-national governments.

It appears, though, that the practice continues, at least informally. The World Bank public expenditure review of 2008 found that “Local revenue collected by local bodies of state power is not always appropriated back into the budget. This creates opportunities for excessive discretionary power at the local government level and so jeopardizes ongoing tax administration reform.”⁸

Finally, in 2007 Parliament adopted a new Law “*On Civil Service*” in place of a 1998 law. The regulations to implement this law will be important for sub-national governments, as it includes provisions creating a formal system of evaluation of civil servants. How this provision is handled has the potential to modify the dynamics of



“dual subordination” of sub-national government officials in favor of either the central or sub-national governments.

Similarly, local functions and sources of financing have not changed. Table 1 shows the list of functions by tier of sub-national government. This table is the result of a review in the field to establish factually what functions sub-national governments are actually performing. The review produced the exact same result in 2002 and 2009. Note especially that the town and village self-governments do not have an own budget.

Table 1: Functions of Sub-National Governments By Tier - 2002 - 2009

1 st Tier (Regions)	2 nd Tier (Rural Districts and Cities)	3 rd Tier (Towns and Villages)
Planning and reporting	Planning and reporting	Planning and reporting
Budget and finance	Budget and finance	
Trade and retail services	Trade and retail services	Trade and retail services
Prices	Prices	
Production	Production	Production
Agro-industrial complex	Agro-industrial complex	Rural/agricultural development
Construction, planning and architecture	Construction, planning and architecture	Construction
Industry	Industry	Industry
Environmental protection, land use and use of natural resources	Environmental protection, land use and use of natural resources	Environmental protection
Transport and communications	Transport and communications	
Road construction	Road construction	Road construction
Housing, utilities and infrastructure	Housing, utilities and infrastructure	Housing, utilities and infrastructure
Education and science	Education and science	Education
National culture	National culture	National culture
Labor (employment) and training	Labor (employment) and training	Labor (employment) and training
Communal services	Communal services	Communal services
Social security	Social security	Social security
Law and order	Law and order	Law and order
Health	Health	
Physical culture and sport	Physical culture and sport	Physical culture and sport
Defense	Defense	Defense
Citizenship	Citizenship	Citizenship

Finally, it is not quite the same for sub-national government sources of financing, where there was some re-juggling of taxes assigned to sub-national governments through 2008, some as a result of changes in the tax code. For example, the payroll tax to support public transportation, which was a local tax in 2002, was abolished. The motor vehicles tax, which was a shared national tax in 2002, became a local tax. The property tax on enterprises was taken off the list of shared taxes and the unified tax for producers of agricultural products was added. Table 2 shows the full list of the sources of financing and the changes that occurred between 2002 and 2008.

In 2009 the list of shared taxes was reduced from 10 to 6 by striking from the list the excise tax, simplified tax on business, natural resources royalties and the unified tax on



agricultural producers. Some of these are relatively high-yield sources. Therefore, this could represent an important change in the financing of sub-national governments. It was not possible to assess the full impact of the change, which will become more evident once actual 2009 revenue data becomes available.

Table 2: Comparison of SNA Sources of Financing - 2002 & 2008

Nationally administered **shared taxes** assigned to sub-national governments on an annual basis in the Budget Law, which also specifies the percent share

- VAT
- Excise tax
- Enterprise profits tax
- **Property tax on enterprises**
- Personal income tax
- Land tax
- Simplified tax on small businesses
- Natural resources royalties
- State duties
- **Motor vehicle tax**
- Road user tax
- Unified tax for producers of agricultural products

Local taxes subject to parameters established in the national tax code:

- Retail sales tax
- **Payroll tax to support public transportation**
- **Motor Vehicle tax**
- Personal real estate tax

Non-tax revenues & other sources of financing identified in various laws

- Proceeds from privatization
- Revenues from leasing of local government property
- Licenses for businesses and occupations referred to as “patent fees”
- Administrative fees
- Fines and penalties
- Revenues from economic activities
- Revenues from auctions and lotteries
- Voluntary contributions from enterprises and individuals
- Extra-budgetary funds

Transfers from higher tiers of government, including:

- Intergovernmental transfers for general budgetary support
- Targeted central grants for specific purposes or projects
- Ad hoc allocations from reserve funds controlled by higher tiers of government
- Transfers called “offset revenues” for mutual settlements between budgets or deficit reduction

Legend:

Text = Item included in 2002 that is no longer included in 2009

Text = Item added in 2009 that did not apply in 2002

Source: State Budget law for 2008; Law №770n State Finance of the Republic of Tajikistan of Dec 2, 2002



C. The Composition of Sub-National Government Expenditures Changed

Table 3 - Share of Sub-National to Total Public Expenditures

2009	2008	2007	2002
Share SNA / Total State Budget (Percent)			
24%	N/a	19%	24%

Notes:

Source Data 2007-2009 - State Budget Law (Planned)

Source Data 2002 - PEIR WB 2005, Table 1, p. 32

Calculation Urban Institute

The share of total sub-national government expenditures in total public expenditures is the same in the planned 2009 budget as it was in 2002. We did not find an explanation for the drop to 19 percent in 2007. Total sub-national government expenditure data for 2008 is not available. What is of great significance for sub-national governments is that there has been a considerable change in the composition of sub-national expenditure, with a large increase in social sector expenditures, especially in education and health. This reflects (a) an increase in the share of social sector expenditures in total public expenditures and (b) the substantial sub-national role in these sectors.

Expenditures for education increased from 13.5 percent of total public expenditures in 2002 to 18.6 percent in 2009. The equivalent figures for health are 4.8 percent in 2002 and 6.5 percent in 2009.⁹ During that same period, sub-national government expenditures in education and health as a share of total sub-national expenditures increased dramatically from 50 to 85 percent, as shown in Table 4, below.

Table 4 - Trends in Sub-National Government Expenditures in Education and Health

	2009	2008	2007	2009	2008	2007	2009	2008	2007	2002
	Share SNA Sector to State Sector Total (Percent) Note A			Estimated SNA Sector Expenditure (Million Somoni) Note B			Estimated Share of SNA Sector to SNA Total (Percent) Notes C			
Education	79%	0%	81%	900		410	62%		67%	37%
Health	84%	0%	77%	331		137	23%		22%	13%
							85%		89%	50%

Notes

SNA Sub-National Administrations

Source Data 2007-2009 State Budget Law (Planned) 2001 - Local Governance Assessment, Urban Institute 2003, Annex G

Table Urban Institute (see formulas below)

A Formula $(1 - (\text{Republican-Sector Expenditures} / \text{State-Sector Expenditures}))$

B Formula $A \times (\text{State-Sector Expenditures})$

C Formula $B / (\text{SNA Total Expenditures})$

D Formula $2001 - (\text{SNA-Sector Expenditures}) / (\text{SNA Total Expenditures})$

The data for the Khatlon Regional Government in Table 3 shows in more detail how these trends have evolved since 2002. Education accounted for the largest share of total Khatlon province expenditure at 40 percent in 2002. The share is much higher at 56.6 percent in 2008. Health care is the second most significant category. It grew slightly from 16 percent in 2002 to almost 19 percent in 2009. The two together account for 76 percent of total Regional Government expenditures, which is very high but still lower



than the national average of 85 percent. The share of “other” expenditures more than tripled from 3.1 percent in 2002 to 10.7 percent last year.

This dramatic shift in the composition of the expenditures of the regional government is explained in part by the discontinuation of the line items for “general state services” and “public order” starting in 2003. Together they had represented 17.5 percent of total regional government expenditures in 2002. It also is interesting to note that the share of the third largest outlay in 2002 – housing and public utilities – declined slightly from 7 percent in 2002 to 5 percent in 2008.

The remaining trends, although significant in comparative terms, largely are inconsequential in the total picture as they represent relatively small amounts. Spending on defense increased from 1.5 percent in 2002 to 2.7 percent in 2008. The share of expenditures on culture remains the same as in 2002 - 3.2 percent versus 3.1 percent in 2008. Social welfare outlay decreased in number: from 5.4 percent in 2002 to 2 percent in 2008. Expenditures on agriculture, transport and communication and sports together add up to barely 1 percent (!) of the total expenditures in 2008 of the Khatlon Regional Government.

Table 5 - Expenditures by Year - Khatlon Region

	2002		2004		2006		2008	
Expenditures								
Agriculture	456,193	1.2%	7,992	0.0%	10,998	0.0%	18,180	0.0%
Transport/Communications							4,194	0.0%
Housing and public utilities	2,601,300	7.1%	8,829,700	10.8%	11,510,700	7.7%	14,254,300	5.2%
Other economic affairs								
Education*	16,455,962	44.8%	42,302,000	51.7%	81,828,300	54.6%	157,362,300	57.2%
Culture	1,192,651	3.2%	2,596,100	3.2%	5,448,700	3.6%	8,630,300	3.1%
Healthcare	5,864,313	16.0%	12,458,900	15.2%	24,362,800	16.2%	51,886,600	18.9%
Sports	58,913	0.2%	1,574	0.0%	4,182	0.0%	5,499	0.0%
Social security and welfare	1,998,233	5.4%	3,247,700	4.0%	4,475,300	3.0%	5,953,100	2.2%
Defense	539,393	1.5%	2,370,400	2.9%	4,623,300	3.1%	7,481,100	2.7%
Public order and security	461,523	1.3%						
General state services	5,975,498	16.3%						
Other	1,150,239	3.1%	10,042,300	12.3%	17,704,800	11.8%	29,572,900	10.7%
Total	36,754,218	100.0%	81,856,666	100.0%	149,969,080	100.0%	275,168,473	100.0%

The dominant and growing share of education and health expenditures in total sub-national expenditures will have enormous implications for sub-national governance going forward. Ongoing reforms in the budget process are shifting control over these expenditures from sub-national governments to the respective sector ministries. Coupled with other reforms in various facets of public financial management, this means that Tajikistan will be going through a process of centralization of government over the next three to five years. As discussed further in Section F – Centralization of Public Financial Management and the Future of Decentralization – the unanswered question is what this will mean for autonomous sub-national governance.



D. Other Reforms and Changes Since 2002

Successful Sub-National Good Governance and Service Improvement Reforms

Hands-on experiences in the field, many of them supported by the USAID, have demonstrated that it is feasible and productive to introduce good governance practices and take steps to improve services at the level of cities, rural districts and towns. The efforts have involved government officials from cities, rural districts, towns and villages; civil society leaders; and, citizens in learning about and applying good governance practices, such as

- Principles and practices of effective budgeting, such as in Chkalovsk, Sarband, or Baljuvon
- Citizen participation through public hearings, such as in Khujand, Mastchoh and Temurmali
- Public information centers, such as in Tavildara, Nurobod, Kulob or Yovon
- Building constructive partnerships between government and the media and civil society, such as in Rudaki, Vose, Kolkhozobod, Jomi, Dankara or Vahdat

Seeking to reinforce the good governance practices with practical activities that produce tangible benefits, the efforts have involved participatory planning and implementation of

- Low-tech solid waste methods, such as in Isfara, Panjakent or Hisor
- Simple water projects, such as in Istaravshan, Kurgantube or Jiikul

The variety of levels of sub-national government that have shown an interest in and supported these activities and the broad geographic coverage of the interventions show that there is a demand and desire to overcome the inertia of inherited practices of closed government and no downward accountability. The big question is whether, and if so when good sub-national governance practices and improved service delivery in response to local needs will be incorporated in the legislative framework as a requirement.

Decentralization of the State Unified Basic Services Enterprise

Current legislation in Tajikistan law gives the responsibility for the basic urban services including water delivery to local bodies of state power and to local self governments. However, the law does not specify which level of sub-national government is specifically responsible for these services. A Government Working Group recommended that the ownership and the organization of service delivery for potable water and solid waste be transferred to the rural district and city governments and to self-governments in towns and villages based on criteria to be established within an implementation plan. The Government Public Administration Reform adopted these recommendations, which should be implemented in the near to medium future.



E. Local Self-Government Legal Reform

In November 2008, the Government circulated for comment a draft law *On Local Self-Government in Towns & Villages*. This draft legislation is vied by the Government as the work product of an Interministerial Working Group actively supported by USAID in 2004. Subsequently, the Government convened a high-level retreat, supported and facilitated by USAID to discuss the draft law. USAID provided examples of similar legislation from other NIS and transition countries, and arranged as well to bring local government experts from Kazakhstan, Kyrgyzstan, Moldova, Russian Federation and from the US to the retreat. The Legal Advisor to the President currently is working on the final draft that will be presented first to the Government and then, upon its approval, submitted to Parliament. The expectation as of April 2009 is that this last step will take place in 2009.

The draft law *On Local Self-Government in Towns & Villages* prepared by the Government comes very close to achieving the conditions for a minimally viable system of local self-government. Such a system need not be perfect and is not difficult to achieve. The Urban Institute has proposed in other countries five basic conditions (or “building blocks”) for such a system.

- Free election of key local officials by the local community
- Basic provisions regarding transparency and participation
- Clear (but not necessarily extensive) functional authority
- Some measure of discretionary tax and/or fee authority
- An independent budget process

Concerns with the draft law (prior to any changes that may have been introduced subsequent to the February 2009 retreat) respond largely to the desire for greater clarity in the language dealing with these conditions.

The first condition is that the persons with the authority to make decisions on behalf of the local community be responsive and directly accountable to them. The draft law provides that the local community will elect a council on the principles of universality, equality and independence, and through secret voting. The election is by precincts so that each member of the council represents a distinct area within the territory of the local self-government, including at a minimum of one for each village. The council elects one of its members to serve as the chairperson to lead and coordinate the work both of the council and of the executive. Such a system is viable in concept.

Comments on the law seek to ensure that the detailed provisions regarding the election of council members and of the chairperson are clear and consistent with the principles of universality, equality and independence, and secret voting. Key concerns include:



- Adding parameters to govern the division of the territory into precincts so that the members of the council each represent a reasonably similar share of the local population (Art 24)
- Clarifying who is eligible and who is excluded from standing for office (Art 28)
- Confirming the lack of a role of the rayon in the selection of the chair (Art 13)
- Clarifying the actual system of voting (Art 32)

The democratic nature and impact of the electoral provisions in the law would be enhanced by adding language on transparency and participation. This should include language providing to citizens and other stakeholders timely and complete access to information on the activities of the local self-governments. The law also should provide for the right of citizens to participate in the affairs of the local self-government.

Clear authority to make independent decisions on issues of concern to the local community is the necessary complement to the first principle. That is, the free election of local officials loses much of its meaning if those persons do not have the authority to make decisions freely on behalf of the community that elected them and without undue outside interference. In this regard the draft law could be clearer.

The definition in Article 1 of “issues of local community concern” comes close to a statement of clear authority to make independent decisions but is conditioned to “compliance with state standards and legal instruments.” No one can disagree with the notion that the state has a legitimate right to establish certain standards that apply uniformly throughout the country. No one would suggest that local self-governments can act contrary to national law. The key question is the nature and extent of the limitations that those standards and those laws impose on local authority to make independent decisions on issues of concern to the local community.

There is growing evidence that having at least some authority to set taxes and/or fees to pay for at least part of the services local self-governments provide improves their performance. Service fees linked directly to local services, such as collection of solid waste or markets, are a simple first step. It would be important to state clearly in the law the authority of local self-governments to charge fees for the services they provide.

Finally, to achieve an independent local self-government budget process it would be important to confirm with the Ministry of Finance that they would be willing to provide a modest unconditional transfer directly to the local self-governments to complement their fee income. If the size and allocation of the transfer is based on a simple formula, perhaps on a per capita basis, the local self-governments should be able to predict in advance of preparing their budget the size of the transfer they will receive. Equalization could be handled with a small lump sum allocation for all local self-governments that would be sufficient to fund a small basic staff. This would be a big help for the poorest, not a big deal for those with greater local fiscal capacity to draw on.



F. Centralization of Public Financial Management and the Future of Decentralization

The World Bank Public Expenditure and Institutional Review for Tajikistan completed in 2005 found that “despite reform efforts the existing [budget] system is not yet a vehicle for translating priorities into a well formulated budget.”¹⁰ This finding is of great significance to sub-national governments, as it engendered a reform of the public budget process, as described in the Public Finance Management Strategy adopted by Decree 542 in September 2008, which will enhance the role of central ministries in the budget process at the expense of the role to date of sub-national governments.

Social sector expenditures in education, health and social assistance represented over 80 percent of the expenditures of sub-national governments in 2008. Until 2007 the regional governments and city and rural district governments of direct subordination to the national government negotiated the budget in these sectors as part of their total budget directly with the Ministry of Finance. At some point in the near future – probably for budget year 2011 – sub-national governments will be obliged instead to present their planned expenditures in the social sectors to the respective ministry. Each ministry will have the responsibility to develop the budget for their sector in accordance with Government policy and priorities. They will negotiate the budget with the Ministry of Finance, which will inform sub-national governments of their allocation.

The budget reforms also include funding for education based on capitation – a formula-based calculation of total expenditures per student. Schools will receive a lump-sum budget which they will then allocate to meet their various needs. Up to now, the city and rural district governments, and to some extent the town and village self-governments, have exercised detailed control of the non-wage expenditures incurred by these facilities. The shift to capitation began in 2005 in 5 cities and/or rural districts and grew to 17 by 2007. Similar reforms are planned in the health sector.

In effect, public financial management reforms will take away the macro and micro discretionary budget authority of sub-national governments over more than 80 percent of their expenditures. Sub-national governments will become simple budget executors in this new system, most likely with funding provided in the form of targeted transfers. Presumably they will have oversight responsibility for these expenditures, but the respective roles of the ministries and sub-national governments are not yet clear. Parallel ongoing reforms in financial accounting and reporting, tax administration and civil service also will strengthen the role of central government ministries and agencies in overall public financial management.

Together, the reforms will end *de facto* the way sub-national governments have operated since 1994, whether or not the changes are reflected in law.



The Public Financial Management Strategy recognizes that these changes will require a concomitant change in the system of sub-national government. The PFM focus largely is on the rules and procedures for financing and programming intergovernmental transfers, and projects that the changes will occur in the medium and long term, starting in 2014.¹¹

There is no specific plan to revise the functions of regional governments and city and rural district governments. It is not apparent that the draft law *On Local Self-Government in Towns & Villages* reflects the impact of the public financial management reforms. Experience with decentralization of social sectors in other transition countries suggests that decentralization may take one of three forms:

- An approach that bypasses all sub-national tiers of government altogether to provide discretionary authority to directors of educational and medical facilities to manage their own budget within an overall ceiling, probably with inputs and some oversight by a committee of local stakeholders established by the ministry
- A task-oriented approach in which sub-national governments are simple budget executors with little or no discretionary authority to manage actual wage and non-wage expenditures
- A function-oriented approach in which sub-national governments have some discretionary authority to manage actual wage and non-wage expenditures

The first two approaches are the ones applied most frequently, often without a debate of the third approach. These approaches are consistent with centralized governance. The last approach, which is most consistent with autonomous sub-national governance, is the one applied least frequently to date in other transition countries. If decisions on the decentralization of the social sectors are left solely to social sector specialists there is a risk that this approach will not even be put on the table for discussion.

The additional risk is that, other than through committees of local stakeholders in each education and health facility, there will be few, if any, additional measures that establish clear downward accountability to citizens, enhance transparency, and/or enable greater participation by stakeholders in sub-national government affairs.

For those interested in achieving some degree of autonomous sub-national governance there are two possible ways to decrease the odds of such a scenario. One would be to establish now a high-level decentralization committee, with multi-donor support that would interact with those responsible for implementing the Public Financial Management Strategy. The second would be to include decentralization as a cross-cutting theme in the MTEF process.¹² A combination of the two approaches probably would have the greatest likelihood of having some impact on the process of decentralization over the next few years.

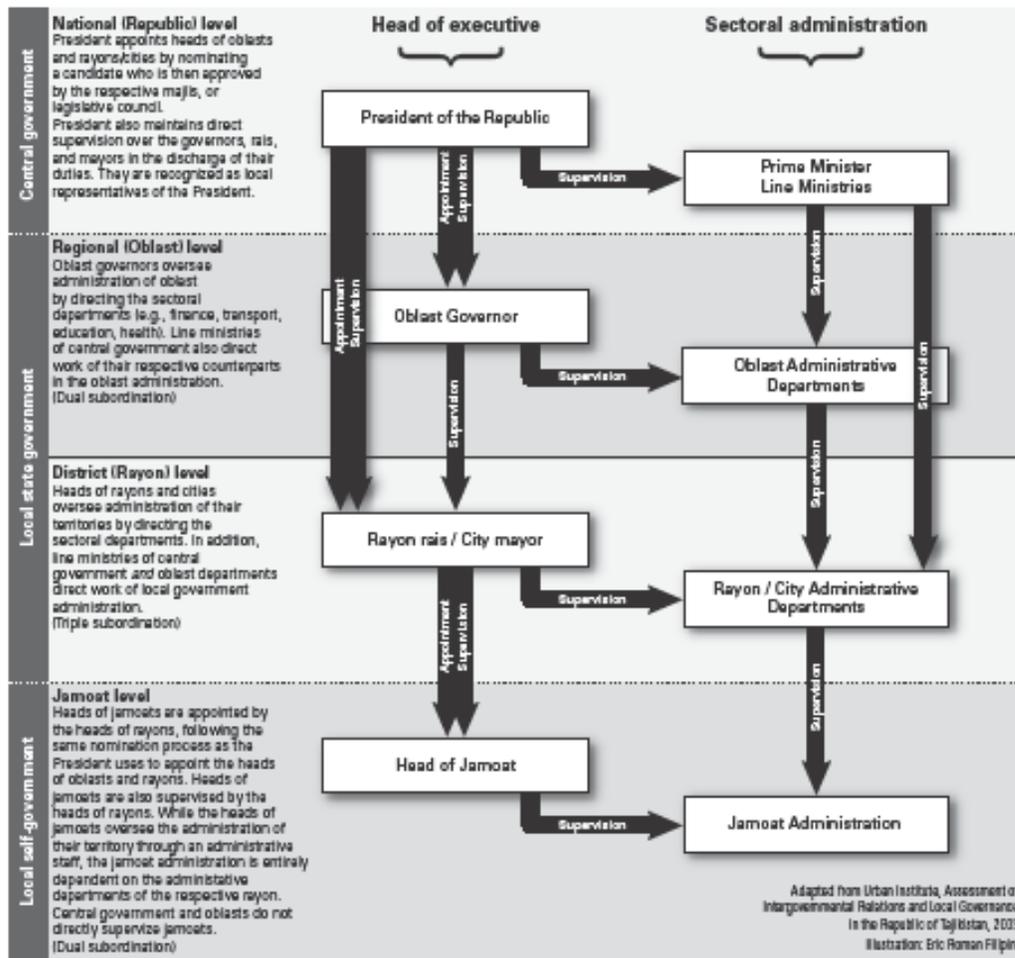


G. Reaction of sub-national power brokers to major decentralization reforms

Sub-national government in each of the Central Asian Republics as defined in the respective national constitutions follows a common pattern that includes “local bodies of State power” (or authority)” and local self-government. The latter are extremely weak and play an insignificant role. The “local bodies of state power”, although often referred to in English as “local governments”, actually are a hybrid form of government. Their predominant nature is that of deconcentrated offices of the central ministries, with a centrally appointed executive and technical staff subject to dual subordination to the appointed executive and to their home ministry. Central control is achieved further through the budget process and structure. On the other hand, these institutions have an elected council, assigned functions and own taxes and fees that lead to their characterization as “local governments.” Figure 2 illustrates this hybrid arrangement.¹³

Figure 2 – Hybrid Form of Sub-National Government in Tajikistan

Dual and triple subordination of local government administration





Some analysts have suggested that post-Soviet government institutions in Central Asia reflect a power structure within each country that includes strong regional groups or clans, compounded by the fact that these are still nascent nations.¹⁴ If so, then far from being a form of decentralized government, existing sub-national governments may reflect the inability of national leaders to centralize fully the Government during the post-Soviet transition in the early to mid 1990s. One possible sign of this might be the asymmetric pattern of national subordination that includes autonomous regions, regions and some cities and/or rural districts directly subordinated to the central government. The local bodies of state power may represent a compromise that provides significant central control, while allowing limited discretion to the regional power brokers. One author has described this as “a relative independence from the “patron” based on relations of “mutual courtesy,” that is, on “a clear understanding that loyalty gets protection and protection gets loyalty.”¹⁵

S. Frederick Starr argues that the “great power brokers and the networks they control [...] are virtually invisible to outsiders.”¹⁶ Certainly, that applies to this report, as there was no opportunity to verify independently the presence and role of such power brokers in shaping sub-national government in Tajikistan. However, given the compelling arguments of so many different analysts of the post-Soviet transition in Central Asia, it is at least prudent to question how such brokers might react in the face, first of the centralizing impact of public financial management reforms; and second, of a new decentralization reform that would replace or significantly transform the current system of sub-national government in Tajikistan.

Pauline Jones Luong argues that institutional design in Central Asia – of which decentralization is an example – has been resolved through bargaining among power brokers who base their strategy on their perception of the degree and direction of change in their relative power.¹⁷ The important role played by international donors in the current reforms in Tajikistan does not change this process, although it may affect the perceptions and strategies of the actors. Not knowing much about the brokers and much less about their perceptions and strategies, there is no practical approach to suggest how to work with them directly.

Parliament may be a viable alternative target. Starr prepared his paper for the Finnish Ministry of Foreign Affairs at a time when Finland was about to assume the EU Presidency in the second half of 2006. He recommended then that the EU should “focus more on parliamentary practice and on political parties through exchanges and support than on NGOs,” arguing that “day-to-day parliamentary practice helps create a political class and concept of citizenship that is independent both of the authoritarian rulers and of the clans, magnates, and regional power brokers who put the parliamentarians in office.”¹⁸

This suggests that it could be important to create a constituency for decentralization reform among members of Parliament, a process that USAID has already begun. When



Parliament considers the new law On Local Self-Government, perhaps as early as 2009 that will be an excellent occasion to expand and intensify that effort knowing that the stakes eventually may be much greater than just the basic local self-government reform.

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- ¹ S. Frederick Starr, *Clans, Authoritarian Rulers, and Parliaments in Central Asia*, Central Asia-Caucasus Institute & Silk Road Studies Program, 2006, page 7.
- ² Figures 1 and 2 are available in a PDF file with no description of the source. The two figures appear to have been developed in 2007. The illustrator is Eric Roman Filipink who based his illustration on the 2003 Urban Institute *Assessment of Intergovernmental Relations and Local Government in the Republic of Tajikistan*.
- ³ Law №28, dated May 17, 2004.
- ⁴ Law № 412 June 18, 2008.
- ⁵ Even the authority of the rayon is not absolute, as the transaction is not complete until the Land Agency on land management, cartography and geodesy of the Government of the Republic of Tajikistan issues the Land Use Right Certificate and Certificate in Land Share. See the “Provisions on the procedure for registration and issuance of the land use certificate and certificate to land share” (№ 478, dated December 3, 2004).
- ⁶ Law № 257 dated May 12, 2007.
- ⁷ Law №52, December, 12, 2003.
- ⁸ Tajikistan: Second Programmatic Public Expenditure Review Volume 1: Main Report. The World Bank, Report No. 43280 TJ, July 2008, page 35.
- ⁹ Source: 2002 figures are from, World Bank (2008) Table 4.3 page 35. Figures for 2009 are from the State Budget Law for that year.
- ¹⁰ Tajikistan: Public Expenditure and Institutional Review. Volume 1: Main Document. The World Bank, Report No. 34891-TJ, December 2005, page vi.
- ¹¹ Public Financial Management Strategy of the Republic of Tajikistan for 2008-2018 Approved by the Decree of the President of the Republic of Tajikistan on 20 September 2008 #542, page 8 Task 7.
- ¹² Such an approach was adopted in Albania starting in 2003 with positive results. As part of the preparation of the MTEF each year, the MoF prepares and circulates a technical and a policy note highlighting key decentralization issues. The resulting recommendations are incorporated in the MTEF and reflected in the State Budget.
- ¹³ See Footnote 2.
- ¹⁴ Starr, op. cit. – This author argues that “Clans, regional elites and financial magnates are a formidable presence in the politics of Central Asian countries. Working behind the scenes, they have placed leaders in power for over forty years and define the nature of politics today,” page 1.
- Alexander Libman, Manheim *et. al.*, *The Economic Role of Public Administration in Central Asia: Decentralization and Hybrid Political Regime* Paper written in the framework of the project “Emerging Market Economies in Central Asia: The Role of Institutional Complementarities in Reform Process” July 2008 – This paper argues that “de jure devolution covers only the top of the iceberg: an even more important feature is the development of informal relations between governments and regional elites,” page 2.
- After the Breakup: Institutional Design in Transitional States*, Pauline Jones Loung Journal of Comparative Political Studies, Vol. 33, No. 5 June 2000 - In describing the process that shaped the design of the electoral system in post-Soviet Kazakhstan, Kyrgyzstan and Uzbekistan, the author argues that “the main actors were divided into essentially two groups: (a) regional leaders (i.e. governors and their deputies) and (b) central leaders (i.e. the president and his advisors). [...] Preferences [...] were



based on each actor's expectations of how a particular aspect would affect, first, the overall regional balance of power, and second their own region's position of strength or weakness within it," page 568.

¹⁵ Michael Herzfeld, *The Social Production of Indifference: Exploring the Symbolic Roots of Western Bureaucracy* (New York and Oxford: Berg, 1992), page 175. Cited by Mykola Ryabchuk "From 'Dysfunctional' to 'Blackmail' State: Paradoxes of the Post-Soviet Transition" 38th Annual Shevchenko Lecture, delivered at the University of Alberta on March 12, 2004.

¹⁶ Starr op. cit. page 7.

¹⁷ Loung, op. cit. pages 583-586.

¹⁸ Starr op. cit. pages 4-5.