Report and Recommendation of the President to the Board of Directors

Project Number: 51011-003
June 2020

Proposed Grant and Administration of Grant
Republic of Tajikistan: Skills and Employability Enhancement Project

Distribution of this document is restricted until it has been approved by the Board of Directors. Following such approval, ADB will disclose the document to the public in accordance with ADB's Access to Information Policy.

Asian Development Bank
CURRENCY EQUIVALENTS
(as of 8 June 2020)

Currency unit = somoni (TJS)
TJS1.00 = $0.09728
$1.00 = TJS10.27930

ABBREVIATIONS

ADB – Asian Development Bank
ALC – adult learning center
COVID-19 – coronavirus disease
GDP – gross domestic product
ICT – information and communication technology
IEE – initial environmental examination
ISCO-08 – International Standard Classification of Occupations 2008
IVET – initial vocational education and training
JFICT – Japan Fund for Information and Communication Technology
LARP – land acquisition and resettlement plan
MOLME – Ministry of Labour, Migration and Employment
MSC – migration service centers
NCO – National Classification of Occupations
NDS – National Development Strategy
PAG – project administration group
PAM – project administration manual
TVET – technical and vocational education and training

NOTES

(i) The fiscal year of the Government of Tajikistan ends on 31 December.
(ii) In this report, “$” refers to United States dollars.
In preparing any country program or strategy, financing any project, or by making any designation of or reference to a particular territory or geographic area in this document, the Asian Development Bank does not intend to make any judgments as to the legal or other status of any territory or area.
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1. Basic Data

<table>
<thead>
<tr>
<th>Project Number: 51011-003</th>
</tr>
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<tbody>
<tr>
<td>Project Name: Skills and Employability Enhancement</td>
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<tr>
<td>Country: Tajikistan</td>
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<tr>
<td>Recipient: Ministry of Finance</td>
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<td>Department/Division: CWRD/CWSS</td>
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<td>Executing Agency: Ministry of Labour, Migration and Employment of Population (formerly Ministry of Labor and Social Protection)</td>
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2. Sector

<table>
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<th>Subsector(s)</th>
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</tr>
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<tbody>
<tr>
<td>Education</td>
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</tr>
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</table>

3. Operational Priorities

- Addressing remaining poverty and reducing inequalities
- Accelerating progress in gender equality
- Strengthening governance and institutional capacity

Climate Change Information

- GHG reductions (tons per annum): 0
- Climate Change impact on the Project: Low

ADB Financing

- Adaptation ($ million): 0.00
- Mitigation ($ million): 0.00

Cofinancing

- Adaptation ($ million): 0.00
- Mitigation ($ million): 0.00

4. Risk Categorization: Low

5. Safeguard Categorization

- Environment: B
- Involuntary Resettlement: B
- Indigenous Peoples: C

6. Financing

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<td>Sovereign Project grant: Asian Development Fund</td>
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<td>Cofinancing</td>
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<tr>
<td>Japan Fund for Information and Communication Technology - Project grant (Full ADB Administration)</td>
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<tr>
<td>Counterpart</td>
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<td>Government</td>
<td>3.15</td>
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<tr>
<td>Total</td>
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Currency of ADB Financing: US Dollar
I. THE PROPOSAL

1. I submit for your approval the following report and recommendation on a proposed grant to the Republic of Tajikistan for the Skills and Employability Enhancement Project. The report also describes the proposed administration of a grant to be provided by the Japan Fund for Information and Communication Technology (JFICT) for the project and if the Board approves the proposed grant, I, acting under the authority delegated to me by the Board, approve the administration of the grant. The project aims to promote inclusive growth in Tajikistan by improving the vocational, technical and soft skills and employability of youth (ages 15–29), women, and labor migrants. It will support (i) the construction of migration service centers (MSCs) to provide more comprehensive services to labor migrants; (ii) the construction of model ‘Job Centers’ that will provide market-responsive training and employment services for youth and women; and (iii) the capacity development of migration and employment agencies.

II. THE PROJECT

A. Rationale

2. **Economic development and poverty reduction.** Following the end of the civil war in 1997, political stability and foreign aid led to growth in gross domestic product (GDP) at 7.0% being among the highest in the Central Asia region during 2000–2017.¹ Nominal GDP per capita fluctuated at about $800 during 2016–2018. Recent changes, including re-opening borders with the People’s Republic of China and Uzbekistan, and increasing trade with Afghanistan, have opened a window of opportunity to enhance regional integration and provide Tajikistan with access to wider markets.² Economic growth has, however, not been inclusive or sustainable. Both household incomes and socio-economic conditions of the poorest quantile show that the fruits of recent growth have not been widely shared among the people of Tajikistan.³ The reduction in poverty in the country that has taken place can be largely attributed to the catch-up growth during 2000–2010, while subsequent growth has had only a small impact on poverty. Between 2015 and 2018, the Tajik economy expanded by more than 20.0% in real terms, but the poverty headcount ratio fell by less than two percentage points.⁴ Tajikistan is still highly remittance dependent and a low-income country, ranking 148th in terms of GDP per capita⁵ and 125th on the United Nations’ Human Development Index.⁶ There is substantial variation in poverty across the regions. In 2018, the poverty rate was 37.8% in the Districts of Republican Subordination⁷ and 37.7% in the Khatlon Region, versus 19.9% in Dushanbe City.⁸ The poverty and social conditions have significantly worsened in Tajikistan due to the coronavirus disease (COVID-19) crisis. The project is highly relevant to the current needs of Tajik labors and will help the fragile economy in rural Tajikistan to recover after the pandemic has subsided.

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³ Knoema. 2015. [World Atlas Tajikistan](https://www.knoema.com/asia/tajikistan) (accessed 3 March 2020). The income share of the lowest 20.0% was 7.4%, compared with 41.7% for the top 20.0%.
3. **The COVID-19 impact in Tajikistan.** The World Health Organization declared COVID-19 a global pandemic on 11 March 2020. To prevent the spread of the virus, the Government of Tajikistan (the government) imposed strict border controls on 28 February 2020, prohibiting entry of individuals from high-risk countries. The government announced the first cases of COVID-19 on 30 April 2020. The pandemic has affected both domestic and destination labor markets for migrants from Tajikistan. As a result of the pandemic, real GDP growth is predicted to be only 1.0% in 2020.\(^9\) The Asian Development Bank (ADB) estimates that remittances to Tajikistan will be reduced by at least 35% for 2020, due to the combined effects of the global COVID-19 pandemic and lower oil prices. The project will help unemployed workers and returning migrants to acquire skills and find jobs during and after the COVID-19 pandemic.

4. **Labor market constraints.** Tajikistan’s labor market faces several legacy challenges including: (i) lagging industrial transformation; (ii) low labor productivity and labor mismatch; and (iii) limited job opportunities. While agriculture accounts for only 25.5% of GDP, the sector provides 57.7% of jobs, most of which are unpaid and seasonal. In the 2019 Global Competitiveness Index, Tajikistan was ranked 104th out of 141 countries.\(^10\) Low competitiveness is partly due to limited access to information and communications technology (ICT). In 2017, only 28.2% of the population used the internet and 70.5% used a mobile phone. According to the 2018 Labor Force Survey, 50.2% of employed adults performed work that did not correspond to their level of acquired skills, indicating a major mismatch in the labor market. Real GDP grew by more than 7.0% per year during 2003–2018, but employment expanded by only 2.1% annually. Many young workers continue to enter the labor market each year given that 55.0% of the population is younger than 25 years of age. Tajikistan’s economy could benefit from these young workers if they were well trained, and jobs were available.

5. **Youth and women marginalized.** Youth and women are among the disadvantaged in Tajikistan, particularly those in rural areas where job opportunities, average wages, and social services are limited. As indicated in the National Development Strategy (NDS) 2030,\(^11\) the major determinant of poverty in Tajikistan is lack of access to productive employment. Youth tend to face barriers to finding jobs as they lack the skills and experience required by employers. To help youth find productive employment, the government and development partners have invested in formal technical and vocational education and training (TVET), which is typically longer than one year. However, the youth unemployment rate in 2019 remained high at 21%\(^12\) and about 30% of youth were not in education, employment or training (NEET).\(^13\) Some unemployed youth leave the country in search of jobs, while other out-of-school youth remain in the country, but are unable to access affordable skills training, and become unemployed or under-employed in the domestic labor market. Labor market opportunities for women are even more limited. The female labor force participation rate was only 32.6% in 2016. Female youth have always maintained higher NEET rates than male youth, and it reached about 52% in 2013. Poor families do not send their daughters for training because of financial and cultural constraints. There are compelling needs that justify promoting youth and female skills development.\(^14\)

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\(^12\) International Labour Organization estimate (accessed 4 March 2020).


6. **Limited support for labor migrants and returning migrants.** About 500,000 Tajik citizens migrate each year, mostly to the Russian Federation. Remittances from labor migrants are equivalent to about a third of the country’s GDP. The largest group of migrants (45.4%) are youth aged 15–29, and more than 85.0% of migrants are from poor rural areas. Tajik migrants mainly find low-paying and temporary jobs in destination countries, typically in construction and transport. Currently, there are only four pre-departure migration centers operating in the country, but no post-return services are available. Budget limitations and a lack of technical experts who can deal with the multi-dimensional challenges faced by labor migrants have limited the availability of pre-departure services. The lack of pre-departure orientation has led most migrants to leave the country without fundamental knowledge about migration, exposing them to exploitation and abuse.\(^\text{15}\) Migrants tend to have limited financial and ICT knowledge, both of which are important for safe remittance and increased access to information on labor security. Long-term migration often results in family separation and increases the number of single-parent families in poverty. The psycho-social problems faced by migrants have not been addressed by the existing pre-departure migration centers.

7. The economic recession and legislative changes in migrant policies in the Russian Federation have resulted in 263,000 Tajik migrant workers being banned from the country as of 2019.\(^\text{16}\) The COVID-19 pandemic in the Russian Federation and other destination countries will drastically increase the number of migrants returning to Tajikistan.\(^\text{17}\) The 2018 migration household survey showed that about 50% of returning migrants were not able to find employment upon their return.\(^\text{18}\) Youth migrants who have been banned from returning to the Russian Federation and who cannot find domestic employment are one of the most vulnerable groups in Tajikistan. It is therefore important to (i) help returning migrants use the advanced vocational skills they acquired through their employment in more developed countries; and (ii) provide information and support on how to reintegrate into society either by finding a job or by starting a business.

8. **Inequitable access to and low relevance of public employment services.** In 2017, Tajikistan’s Public Employment Services registered only about 20% of all unemployed. Most did not register with the service agency for various reasons, including a lack of awareness or perception of poor services provided and the unattractive nature of jobs offered. There is only limited labor market information, job counselling and job matching support for job seekers. The lack of computer-based job matching services and trained job counsellors result in long periods of job searches, particularly for young workers who lack work experience. Females with children have even more restricted access to skills training because external child-care services are not available in culturally conventional rural areas.

9. Many TVET schools do not offer accommodation or transportation services. The Ministry of Labour, Migration and Employment (MOLME) is responsible for initial vocational education and training (IVET) schools, which offer full-time vocational education at secondary education level, but it is underfunded. In 2018, 15.90% of total government expenditure went to education, but only


0.26% went to IVET. MOLME also operates 35 adult learning centers (ALCs) where the principal target groups are vulnerable youth and women. However, these are in dilapidated facilities and training programs offered in these ALCs have outdated curricula that do not focus on the competencies required for the most in-demand occupations. Research indicates that soft skills are crucial for improving employability and different soft skills are needed for different occupations and job levels. However, the value of soft skills in the workplace is not fully recognized in Tajikistan and no structured soft skills training programs exist. While ICT skills are imperative for many modern occupations, the quality of ICT training in this area is poor because of the lack of qualified ICT teachers who can easily find better paying ICT-related jobs outside ALCs. ALCs are tasked with certifying the undocumented skills of returning migrants, but the lack of established assessment methods means that ALC certificates have little effect on employability.

10. **Weak planning and management capacity for migration and employment services.** Tajikistan lacks an internationally standardized job classification system and labor market database in which labor data is collected and published at regular intervals, using the same methods and codes. Tajikistan uses the National Classification of Occupations (NCO) based on the International Standard Classification of Occupations 1988 (ISCO-88), which is outdated and unsuitable for classifying existing occupations. In 2008, the International Labour Organization (ILO) released the International Standard Classification of Occupations 2008 (ISCO-08) which many countries have now adopted to build their policy planning and administration for human resource development. As a result, the qualifications of Tajik migrants under its ISCO-88-based NCO no longer match the occupation classifications in overseas labor markets where the jobs are classified based on ISCO-08. Tajik engineers and teachers can often only low-paid, unskilled jobs in destination countries, partly because their qualifications are not recognized.

11. The limited availability of reliable labor data makes it difficult to monitor and detect distortions in the labor market, make knowledge-based decisions regarding needed interventions, and design and deliver training programs that are responsive to the labor market. As such, MOLME has faced difficulty in planning skills training for major industries. For instance, the government has identified tourism as a priority sector with high job creation potential, but labor information on the sector is scarce. The tourism satellite account for government data has not been established and the required occupations, number of workers, and skill levels are not available. IVET schools and ALCs seldom conduct tracer surveys of graduates because they lack tracking mechanisms and resources, making it difficult to examine the benefits and effectiveness of training programs. Low public awareness of migration and employment services results in limited utilization of the labor market portal under MOLME. About 60.0% of job seekers in Tajikistan found employment through friends and relatives, while only 5.8% found jobs using the portal.

12. **National Development Strategy 2030.** The NDS has three strategic objectives: (i) reduction of vulnerability in future development; (ii) more efficient use of natural resources; and (iii) innovation through the integration of new development into the country’s social and economic mainstreams. To achieve its objectives, the NDS acknowledges the importance of expansion of productive employment and proposes the following actions to improve employment outcomes: (i) develop the network for professional skills development considering the needs of women, youth and vulnerable segments of the population; (ii) diversify foreign labor migration.

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and strengthen state regulation of migrants’ return process; (iii) develop the labor-intensive sectors of economy; (iv) use telecommunication services extensively to exchange data on creating jobs for young people and promoting entrepreneurship; and (vi) encourage farmers to start small businesses in agriculture, especially for youth.

13. **ADB assistance to the sector and lessons.** Tajikistan’s first skills development project, the Strengthening Technical and Vocational Education and Training Project, was approved by ADB in 2015. It supports initial and secondary TVET by introducing competency-based training, training vocational teachers, upgrading facilities and equipment of vocational lyceums and colleges, and conducting a market responsive and inclusive training survey. Lessons learned from the TVET project include: (i) there is a significant need for quality short-term training for out-of-school youth; (ii) improvement is needed in employability as well as skills; (iii) labor market data collection and job classification systems should be strengthened; and (iv) more targeted support should be provided to address the demand- and supply-side constraints for girls and women in the skills sector.

14. **Alignment with the ADB country strategy and Strategy 2030.** The project aligns with ADB’s country strategy for Tajikistan to develop skills and continue to support education, TVET, and employment. It supports three ADB Strategy 2030 operational priorities: (i) addressing remaining poverty and reducing inequalities by (a) promoting social inclusion and development by providing incentives for disadvantaged youth and women to attend job center training, (b) improving education and training through improving the quality and relevance of training at Job Centers and MSCs, and (c) by ensuring social protection for those in need by reducing the risks associated with labor migration; (ii) accelerating progress in gender equality by encouraging women’s capacity development and knowledge of job availability; and (iii) strengthening governance and institutional capacity by increasing the capacity of migration and employment service agencies.

15. **Development partners coordination.** ADB is Tajikistan’s major partner for TVET development helping the government introduce the new competency-based training approach to the TVET sector. The United States Agency for International Development and the UNICEF focus on basic education, and the World Bank on higher education. Opportunities for collaboration have been and will be explored through regular information sharing and dialogue among development partners active in youth employment, including the Food and Agriculture Organization of the United Nations, the Japan International Cooperation Agency, the International Labour Organization, and the International Organization for Migration.

**B. Project Description**

16. **Project impact and outcome.** The project is aligned with the following impact: productive employment expanded in line with the NDS 2030. The project will have the following

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21 Asian Development Bank (ADB). 2015. *Report and Recommendation of the President to the Board of Directors: Proposed Loan, Grant, and Administration of Grant to the Republic of Tajikistan for the Strengthening Technical and Vocational Education and Training Project*. Manila. The memorandum of understanding of the project’s mid-term review mission in March 2019 assessed that the project has been implemented successfully.


outcome: skills and employability of youth, women, and labor migrants for both domestic and overseas labor market improved. The design and monitoring framework is in Appendix 1.

17. **Output 1: More inclusive and targeted migration support provided.** To reduce the risks of migration for youth and help them find better jobs, the project will establish and equip three new MSCs that will provide (i) a new pre-departure orientation program; (ii) a new pre-employment program; (iii) a new ICT literacy program; (iv) a pilot for behavioral change initiatives for migrants and migrant families; and (v) job counselling services for returning migrant workers. The new MSCs will be constructed in Khujand, Bokhtar and Vose, where a large number of youth migrate to find employment, but where no pre-departure service centers are available. The MSCs will offer one-stop service centers to departing and returning migrants. Migrants will be registered in the database of the centers. The migration orientation program, short language training, and entry-level skills training will help migrants find better jobs and safer living conditions in the destination countries. The centers will also provide financial literacy training for safe remittance transmission and ICT training for easier access to social welfare information. The project will train migration counsellors who will provide pilot family counselling for improved financial planning and reintegration. Returning migrants will also be assisted in finding employment and information on entrepreneurship and available micro-financing in case they wish to start micro and small businesses using their remittance savings.

18. **Output 2: Access to and relevance of public employment services enhanced.** To provide better service to youth and female jobs seekers, the project will establish and equip three new model Job Centers that will provide (i) enhanced comprehensive employment services, including skills training; (ii) childcare centers and a pilot stipend program for female job seekers; (iii) a pilot program of new and more focused soft skills training; (iv) job counselling services to match interests and skills to potential jobs; and (v) ICT skills training programs for selected sectors. Job Centers with dormitories will be built and equipped in Dushanbe for tourism, in Rogun for energy, and in Dangara for agriculture. The sites for the Job Centers were selected based on an assessment of the potential for local labor market needs. Job Centers will provide skills training for selected occupations in the three above-mentioned targeted sectors identified through consultations with line ministries and industrial associations. The new training programs will be designed for a shorter period than conventional training for disadvantaged groups who cannot afford the cost or time for full-time TVET programs. Training programs will be developed based on the competency-based training approach and training materials that were piloted under the TVET project where private sector will participate in the training verification process. To encourage women to participate in training, free childcare services and stipends will be provided to female trainees. The project will pilot a new soft skills training targeting conscientiousness and agreeableness. Job counselling will be provided using updated ICT equipment and new aptitude testing software.

19. **Output 3: Planning and management of migration and employment services strengthened.** To provide better service to youth and female job seekers and migrant youth workers the project will (i) develop the new NCO based on ISCO-08 and help apply the NCO to the training certifications and labor market surveys; (ii) pilot a skills and employment survey for the tourism sector; (iii) expand the labor market portal under MOLME and undertake client job center tracking surveys; (iv) provide training for MOLME and migration and employment agency

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24 For this project, youth is defined as the labor force population aged 15–29. The Labor Force Surveys of Tajikistan provide statistics for the 15–19, 20–24, and 25–29 age categories.

25 The Dushanbe Job Center will serve as the 4th Migration Service Center.

staff, based on the international best practices for employment and migration services; (v) promote awareness of migration and employment services; and (vi) strengthen the ALCs’ capacity to certify training programs. The NCO based on ISCO-08 will help improve the recognition of skills qualifications of Tajik job seekers in the regional labor market. The tourism survey will estimate the employment size for occupations, needs for further development of skills, and areas of employment growth in the sector. Experience during this pilot will enable MOLME to undertake similar surveys for other sectors. The project will improve the coverage and data accuracy of the existing labor market portal. A large-scale tracer study of the beneficiaries of Job Centers will assess the project impact. An awareness campaign will be organized to promote MOLME’s migration and employment services. Since training participants will be certified by the State Institute ALC in Dushanbe, the project will provide training to selected ALCs to strengthen the certification capacity.

C. Value Added by ADB

The project is built upon the lessons learned from the TVET project, and ADB’s long involvement in the skills development sector. The design of the project scope was based on the findings of ADB-funded knowledge products. The key and innovative features of the project include: (i) a timely response to the COVID-19 with the anticipated synergy and complementarity with other ADB-supported government projects on COVID-19 mitigation; (ii) the first large-scale employment project in Tajikistan targeting the youth outside TVET system; (iii) promoting ICT, which is one of the most critical competencies needed for employment in the Industry 4.0 era; and (iv) directly contributing to human capital development of Tajikistan that will help promote investments from private sector.

D. Summary Cost Estimates and Financing Plan

The project is estimated to cost $34.65 million (Table 1). Detailed cost estimates by expenditure category and by financier are in the project administration manual (PAM). The government has requested a grant not exceeding $30 million from ADB’s Special Funds resources (Asian Development Fund) to help finance the project. The government has also requested a grant of $1.5 million from the JFICT.

<table>
<thead>
<tr>
<th>Item</th>
<th>Amount ($ million)</th>
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<tbody>
<tr>
<td><strong>A. Base Costs</strong></td>
<td></td>
</tr>
<tr>
<td>1. More inclusive and targeted migration support provided</td>
<td>7.27</td>
</tr>
<tr>
<td>2. Access to and relevance of public employment services enhanced</td>
<td>20.63</td>
</tr>
<tr>
<td>3. Planning and management of migration and employment services strengthened</td>
<td>1.86</td>
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<tr>
<td><strong>Subtotal (A)</strong></td>
<td><strong>29.76</strong></td>
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<tr>
<td><strong>B. Contingencies</strong></td>
<td><strong>4.89</strong></td>
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<tr>
<td><strong>Total (A+B+C)</strong></td>
<td><strong>34.65</strong></td>
</tr>
</tbody>
</table>

*Footnote 7 and ADB. Forthcoming. Strengthening the Supports for Labor Migrants: An Assessment and Recommendation for Tajikistan. Manila (to be published on July 2020).*


*Project Administration Manual (accessible from the list of linked documents in Appendix 2).*
22. The summary financing plan is in Table 2. ADB will finance the expenditures in relation to civil works, goods, consulting services, vehicles, training, stipends, and project implementation and monitoring. The JFICT will provide parallel grant cofinancing equivalent to $1.5 million to be administered by ADB. The government will provide in-kind contributions in the form of tax exemptions and other in-kind contributions.

### Table 2: Summary of Financing Plan

<table>
<thead>
<tr>
<th>Source</th>
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<th>Share of total (%)</th>
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<td>Asian Development Bank</td>
<td></td>
<td></td>
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<tr>
<td>Asian Development Fund (project grant)</td>
<td>30.00</td>
<td>86.6</td>
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<tr>
<td>Japan Fund for Information and Communication Technology</td>
<td>1.50</td>
<td>4.3</td>
</tr>
<tr>
<td>Government of Tajikistan</td>
<td>3.15</td>
<td>9.1</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>34.65</strong></td>
<td><strong>100.0</strong></td>
</tr>
</tbody>
</table>

Note: The Government of Tajikistan will finance value-added taxes, customs duties, and social security taxes of project administration group staff.
Source: Asian Development Bank estimates.

### E. Implementation Arrangements

23. **Project organization structure.** MOLME will be the project executing agency. The project administration group (PAG), to be established under MOLME based on the TVET project PAG, will be the implementing agency. The PAG manager will monitor and guide day-to-day implementation. Key PAG staff to be financed by the project will be selected following competitive procedures. PAG will procure goods, equipment, civil works, and consultants financed by ADB and JFICT. An inter-ministerial steering committee will be set up to provide overall guidance on project implementation. The implementation arrangements are summarized in Table 3 and described in detail in the PAM.

### Table 3: Implementation Arrangements

<table>
<thead>
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<th>Aspects</th>
<th>Arrangements</th>
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<td>Implementation period</td>
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<td>Estimated completion date</td>
<td>30 September 2026</td>
</tr>
<tr>
<td>Estimated grant closing date</td>
<td>31 March 2027</td>
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<tr>
<td>Management</td>
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</tr>
<tr>
<td>(i) Oversight body</td>
<td>Inter-ministerial Steering Committee</td>
</tr>
<tr>
<td>(ii) Executing agency</td>
<td>MOLME</td>
</tr>
<tr>
<td>(iii) Key implementing agencies</td>
<td>PAG under MOLME</td>
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<td>(iv) Implementation unit</td>
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<tr>
<td>Procurement</td>
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<tr>
<td>OCB Works – (internationally advertised)</td>
<td>3 contracts</td>
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<tr>
<td>OCB Works – (nationally advertised)</td>
<td>3 contracts</td>
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<tr>
<td>Goods – OCB (nationally advertised)</td>
<td>21 contracts</td>
</tr>
<tr>
<td>RFQ, Goods</td>
<td>2 contracts</td>
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</table>
Aspects | Arrangements
--- | ---
Consulting services | Individual Consultant Selection 3 person-months, international; 7,268 person months, national $2.94 million
Quality and Cost Based Selection method | 22 person-months, international; 290 person months, national $1.63 million
Fixed Budget Selection | 5 person-months, international; 156 person months, national $0.67 million
Consultant's Qualification Selection | 6 person-months, international; 305 person-months, national $0.71 million
Least Cost Selection | Lump Sum $0.10 million
Retroactive financing and/or advance contracting (i) Advance contracting action with retroactive financing: PAG staff (key staff); and (ii) Advance contracting action without retroactive financing: (a) Detailed Design for Civil Works Consultant, (b) Individual consultants, (c) Project Implementation Support Consultants, and (d) PAG vehicles.
Disbursement | The grant proceeds will be disbursed following ADB’s Loan Disbursement Handbook (2017, as amended from time to time) and detailed arrangements agreed between the government and ADB.


### III. ATTACHED GRANT ASSISTANCE

24. A grant is proposed to be requested from the JFICT to support the activities related to ICT under the project. The major outputs of the grant are: (i) ICT skills and knowledge improved; (ii) ICT equipment provided; and (iii) labor market database and systems strengthened. The JFICT grant will partly finance: (i) the consultants and Job Center staff who will develop and deliver ICT training; (ii) provision of ICT equipment to the labor market portal and software for job counselling; and (iii) the consultants and PAG staff who will provide capacity development of public migration and employment services.

25. Grant activities are estimated to cost $1.65 million. This excludes the cost of administrative budget support and will be financed by a grant from JFICT of $1.5 million and a counterpart contribution of $0.15 million. The government will provide counterpart support in the form of tax exemptions and other in-kind contributions for the grant. The grant will be administered by ADB and implemented with MOLME as the executing agency and the PAG as the implementing agency.

### IV. DUE DILIGENCE

#### A. Economic and Financial Viability

26. **Economic analysis.** The project will strengthen the capacity and skills of migrant and domestic workers to improve their employability and wages. This is especially important now as Tajikistan is expected to see an increase in unemployment and loss of jobs due to the COVID-19 pandemic. The project will help to re-skill affected workers and cushion Tajikistan from the detrimental effects of COVID-19 on human capital. The MSCs will serve an incremental number of about 9,328 migrant workers annually or about 191,228 migrant workers during 2024–2044, who are projected to generate about $4.38 billion in incremental remittances. The project will also increase the number of Job Center graduates who are expected to realize an annual wage that will be 10.0% higher than the minimum wage in the targeted sectors. The “with” and

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30 The economic analysis followed ADB guidelines, i.e., ADB. 2017. *Guidelines for the Economic Analysis of Projects (as amended from time to time).* Manila.
“without” training employment rates\textsuperscript{31} are assumed at 55.0\% and 40.0\%, respectively. The project will produce an additional 36,506 Job Center graduates, of whom 22,425 will find employment and generate about $369 million in income earnings during 2024–2044. The project is expected to realize an economic internal rate of return (EIRR) of 11.5\%, at a discount rate of 9.0\% and will generate a net present value of $12.8 million over the life of the project. It is also assessed to be resilient to changes as the EIRR remains at economically viable levels even with significant changes in project costs, the number of migrant workers availing of migration services, and the number of Job Center graduates.

27. **Financial analysis.** The fiscal impact and sustainability analysis on the government’s ability to provide counterpart funds, recurrent and maintenance costs was undertaken. The costs of tax exemptions and social taxes are less than 0.1\% of the government’s total annual expenditure. The additional recurrent and investment costs to operate the Job Centers and MSCs beyond the project implementation period will be low (a maximum of 0.06\% of total government expenditure in fiscal year 2033). The analysis confirms that this is a fiscally sustainable investment.

**B. Sustainability**

28. **Economic sustainability.** The government is committed to implementing an effective, continuing program to improve the quality and delivery of TVET to allow more skilled laborers to participate in domestic and foreign labor markets. A relevant and market-oriented TVET system will, in turn, increase skilled workers’ income-generating capacity and encourage migrant workers to continue and increase remittances to their families in Tajikistan. The economic benefits generated will ensure the project’s long-term sustainability and contribute to sustaining the country’s economic growth and current development trends.

29. **Continuation of the project centers after project completion.** The government has committed to continue to operate and maintain the Job Centers and MSCs that were developed under the project after project completion. This is confirmed as part of the project assurances and covenants.

**C. Governance**

30. **Financial management and procurement.** The assessed pre-mitigation financial management risk is *substantial* mainly due to weaknesses in the current accounting manual, annual budgeting, internal auditing and controls over the accounting software. Measures to mitigate the risks include strengthening the accounting manual, earlier submission of annual budgets, including the project in the annual plan of the MOLME Internal Audit Department, and improving accounting software controls. Agency and project procurement risk assessments concluded that the procurement risk rating is *low* for PAG. The procurement capacity of the PAG in the ongoing TVET project is assessed to be *high* and the key TVET project PAG staff will continue to implement the project. Measures to mitigate risks include: (i) all parties involved in procurement must sign a statement of ethics and a declaration of no potential conflict of interest in any procurement activity; and (ii) a standard statement of ethics will be included as a requirement in bid documents. The procurement plan will be updated regularly, and proposed changes will require ADB approval. ADB will handle for oversight and monitoring, including the initial procurement plan and any subsequent changes.

\textsuperscript{31} Employment rates are defined as the percentage of Job Center beneficiaries who find a job within one year of finishing the training.
31. **ADB’s Anticorruption Policy.** ADB’s Anticorruption Policy (1998, as amended to date) was explained to and discussed with the government and the MOLME. The specific policy requirements and supplementary measures are described in the PAM.

D. **Poverty, Social, and Gender**

32. **Poverty and social.** The project has a strong pro-poor focus as the major project beneficiaries are the most vulnerable groups in Tajikistan. The project will also help the rural poor affected by COVID-19. In the past, migrants often went abroad without proper registration in the social welfare system in Tajikistan and this has prevented returning migrants from receiving public support from the government. Pre-departure orientation will register migrants prior to departure, to help minimize the risks and maximize the benefits of labor migration. The construction of the MSCs and Job Centers might create about 7,200 person-months of employment. The project prepared a poverty reduction and social strategy that includes measures to manage social impacts and enhance the distribution of project benefits.

33. **Gender.** The project is classified as gender equity theme as it directly tackles inequality of opportunity for women in access to training. Significant incentives, including childcare services and stipends will be provided, to help girls and single mothers (particularly in non-traditional occupations), get better access to training. Surveys indicate that skills training in the energy sector is particularly recommended for women as the average wage of energy sector jobs is high and a gender wage gap in the energy sector is relatively small. The project will provide safe accommodation and transportation services to access Job Centers that will mostly benefit female trainees. The introduction of ISCO-08 defining housekeepers and childcare takers as “occupations” will help the government and families, including women, recognize the economic contribution of women to households from unpaid domestic work. Under the TVET project, the gender coordinators have been networked nationwide and those experts will play a key role in the implementation of the project’s gender action plan.

E. **Safeguards**

34. In compliance with ADB’s Safeguard Policy Statement (2009), the project’s safeguard categories are as follows.

35. **Environment (category B).** MOLME prepared an initial environmental examination (IEE) in accordance with ADB’s Safeguard Policy Statement and government environmental regulations. The project will result in site-specific environmental impacts mainly during the construction phase, related to noise, dust, occupational and community health and safety. These can be readily mitigated through implementation of the environmental management plan prepared as part of the IEE study. The IEE study was disclosed on the ADB website on 18 March 2020. MOLME and ADB agreed to closely monitor environmental impacts during project implementation and PAG will submit the monitoring reports regularly.

36. **Involuntary resettlement (category B).** A social due diligence report was developed for all six civil works sites. The draft social safeguards impact assessment identified that five out of six sites proposed for MSCs and Job Centers will be located on unoccupied government land.

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32 Al Jazeera English. "Tajikistan’s missing men". Published in August 2013.
34 ADB. 2009. Safeguard Categories.
allocated to MOLME and will not require land acquisition and resettlement. However, the Job Center site to be constructed in Dushanbe/Rudaki will be on agricultural land, which will economically displace ten households. A draft land acquisition and resettlement plan (LARP) was developed and disclosed on ADB’s website. PAG, with support from its consultants, will update the LARP, following detailed design and will monitor and report on its implementation. Full LARP implementation is a condition for handing over of the site for civil works.

37. **Indigenous peoples (category C).** No indigenous peoples, as defined in ADB’s Safeguard Policy Statement, live in the project area.

F. **Summary of Risk Assessment and Risk Management Plan**

38. Significant risks and mitigating measures are summarized in Table 4 and described in detail in the risk assessment and risk management plan.

<table>
<thead>
<tr>
<th>Risks</th>
<th>Mitigating Measures</th>
</tr>
</thead>
<tbody>
<tr>
<td>The country has weak public financial management system and high levels of corruption.</td>
<td>The revised project accounting manual will include sections on finance staffing and responsibilities, withdrawal application procedures, annual budgeting, 1C accounting software and coding structure, financial management procedures for operating costs for migration service centers and Job Centers.</td>
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<tr>
<td>The MOLME’s IAD did not include the current project in its annual audit plan and has not conducted internal audits of the current project.</td>
<td>The project must be included in the annual plan of the MOLME’s IAD and subject to internal audits each year.</td>
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</tbody>
</table>

IAD = Internal Audit Department, MOLME = Ministry of Labour, Migration and Employment, 1C = propriety accounting software.

V. **ASSURANCES**

39. The government and MOLME have assured ADB that implementation of the project shall conform to all applicable ADB requirements, including those concerning anticorruption measures, safeguards, gender, procurement, consulting services, financial management, and disbursement as described in detail in the PAM and grant documents.

40. The government and MOLME have agreed with ADB on certain covenants for the project, which are set forth in the grant agreements.

VI. **RECOMMENDATION**

41. I am satisfied that the proposed grant would comply with the Articles of Agreement of the Asian Development Bank (ADB) and recommend that the Board approve the grant not exceeding $30,000,000 to the Republic of Tajikistan from ADB’s Special Funds resources (Asian Development Fund) for the Skills and Employability Enhancement Project, on terms and conditions that are substantially in accordance with those set forth in the grant agreements presented to the Board.

Masatsugu Asakawa
President

8 June 2020

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35 Risk Assessment and Risk Management Plan (accessible from the list of linked documents in Appendix 2).
## DESIGN AND MONITORING FRAMEWORK

**Impact the Project is Aligned with:**
Productive employment expanded in line with the National Development Strategy of the Republic of Tajikistan for the Period up to 2030a

<table>
<thead>
<tr>
<th>Results Chain</th>
<th>Performance Indicators with Targets and Baselines</th>
<th>Data Sources and Reporting Mechanisms</th>
<th>Risks</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Outcome</strong></td>
<td><strong>Skills and employability of youth, women, and labor migrants for both domestic and overseas labor market improved</strong></td>
<td><strong>By 2027</strong>&lt;br&gt;a. Labor force participation rate of youth and women in project regions (Dushanbe, Rogun and Dangara) increased to 50.0% for youth and 38.0% for women (2020 baseline: 45.0% for youth and 27.8% for women)</td>
<td>Economic slowdown in host countries or Tajikistan could reduce foreign or domestic demand for graduates from Job Centers or MSCs</td>
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<td><strong>b. Each year at least 20.0% of all labor migrants are registered and receiving services from the new pre-departure orientation programs (2020 baseline: 3.2%)</strong></td>
<td><strong>c. The Tajikistan National Classification of Occupations based on ILO ISCO-08 officially approved by MOLME (2020 baseline: not applicable)</strong></td>
<td></td>
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<td></td>
<td><strong>c. The Tajikistan National Classification of Occupations based on ILO ISCO-08 officially approved by MOLME (2020 baseline: not applicable)</strong></td>
<td><strong>a. Annual labor force survey by the employment agency, MOLME</strong></td>
<td></td>
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<tr>
<td></td>
<td><strong>b. Annual migration survey by the migration agency, MOLME</strong></td>
<td><strong>c. MOLME decree, the project’s quarterly progress reports, and data from the employment and labor market department</strong></td>
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<tr>
<td><strong>Outputs</strong></td>
<td><strong>1. More inclusive and targeted migration support provided</strong></td>
<td><strong>By 2026</strong>&lt;br&gt;1a. 100% of new MSCs have gender sensitive designs² (2020 baseline: 0)</td>
<td>Economic slowdown in Tajikistan could push more youth to migrate before they have received pre-departure orientation and necessary skills training</td>
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<td><strong>1b. At least 1,000 labor migrants in the project’s target regions certified under the new pre-employment training program for the construction sector and 100% of women who apply for pre-employment training receive training (2020 baseline: 0)</strong></td>
<td><strong>1c. At least 60% of migrants reported increased financial literacy and ICT skills through pre-departure orientation with data disaggregated by sex. (2020 baseline: 0)</strong></td>
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<tr>
<td></td>
<td><strong>1c. At least 60% of migrants reported increased financial literacy and ICT skills through pre-departure orientation with data disaggregated by sex. (2020 baseline: 0)</strong></td>
<td><strong>1d. At least 800 returned migrants joined the new labor counselling program in the MSCs with at least 50% of spouses or close family members also attending the counselling sessions for returned migrants (2020 baseline: 0)</strong></td>
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<tr>
<td></td>
<td><strong>1d. At least 800 returned migrants joined the new labor counselling program in the MSCs with at least 50% of spouses or close family members also attending the counselling sessions for returned migrants (2020 baseline: 0)</strong></td>
<td><strong>1a–1d. Quarterly projects progress reports, client tracking database of the MSCs</strong></td>
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<tr>
<td>2. Access to and relevance of public employment services enhanced</td>
<td>2a. Three new Job Centers with design features responsive to the gender differentiated needs and priorities of job seekers developed and equipped (2020 baseline: 0) 2b. At least 1,200 job seekers certified under the competency-based short-term skills training in project regions, of whom 30% are female (2020 baseline: 0) 2c. At least 400 female trainees in the 3 Job Centers received stipends (2020 baseline: 0) 2d. At least 30% of Job Center administration and teaching staff are women (2020 baseline: 0)</td>
<td>2a–2d. Project’s quarterly progress reports, client database of the Job Centers</td>
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<td>3. Planning and management of migration and employment services strengthened</td>
<td>3a. Skills and employment survey for tourism is available and the results disaggregated by sex (2020 baseline: not applicable) 3b. Data from client tracking surveys using the database of the new MSCs and Job Centers available and disaggregated by sex (2020 baseline: not applicable) 3c. 100 staff of the Department of Migration, Department of Employment and Labor Market, and other relevant agencies attended the training on planning and management of migration and employment services, of which 40% are female (2020 baseline: 0) 3d. Tajik version of ILO’s ISCO-08 used in employment and management training, and verified as accurate and free from gender bias (2020 baseline: not applicable)</td>
<td>3a–3d. Project’s quarterly progress reports, client database of the MSCs and the Job Centers</td>
<td></td>
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</table>
Key Activities with Milestones

Output 1. More inclusive and targeted migration support provided
1.1 Establish and equip four MSCs, including the Dushanbe job center that will serve as the fourth MSC by Q1 2024
1.2 Develop predeparture orientation program by Q1 2024
1.3 Develop preemployment program by Q2 2024
1.4 Develop financial literacy program by Q2 2024
1.5 Develop behavioral change initiatives for migrants and migrant families by Q2 2024
1.6 Provide labor counselling for returned migrants by Q2 2024

Output 2. Access to and relevance of public employment services enhanced
2.1 Establish and equip three Job Centers by Q1 2024
2.2 Develop short-term training programs on tourism, energy, and agriculture using a competency-based training approach by Q1 2024
2.3 Establish pilot childcare centers by Q1 2024
2.4 Develop soft skills training program by Q1 2024
2.5 Provide job counselling services for the Job Center clients using ICT tools by Q2 2024

Output 3. Planning and management of migration and employment services strengthened
3.1 Develop National Classification of Occupations by Q4 2026
3.2 Conduct skills and employment survey for tourism by Q2 2024
3.3 Update labor market portal under MOLME by Q4 2026
3.4 Conduct first round of client tracking survey by Q4 2025
3.5 Carry out awareness raising activities by Q3 2024

Project Management Activities
Establish PAG by Q3 2020
Organize the project inception workshop by Q4 2020
Establish an Inter-ministerial Steering Committee by Q1 2021
Recruit project implementation support consultants by Q2 2021

Inputs
Asian Development Bank: $30 million (Asian Development Fund grant)
Japan Fund for Information and Communication Technology: $1.5 million (grant)
Government of Tajikistan: $3.15 million (in-kind)

Assumptions for Partner Financing: Not applicable

ICT = information and communication technology, ILO = International Labour Organization, ISCO-08 = International Standard Classification of Occupations 2008, MOLME = Ministry of Labour, Migration and Employment, MSC = migration service center, PAG = project administration group, Q = quarter.


MSCs will have a family counselling room, private counselling rooms, separate instruction rooms, separate toilets, and toilets that can accommodate people with disabilities and have ramp access.

Job Centers will have childcare facilities, dormitories with separate toilets, and sanitary facilities.

LIST OF LINKED DOCUMENTS
http://www.adb.org/Documents/RRPs/?id=51011-003-2

1. Grant Agreement: Asian Development Fund
2. Grant Agreement: Japan Fund for Information and Communication Technology
3. Sector Assessment (Summary): Education (Technical and Vocational Education and Training)
4. Project Administration Manual
5. Financial Analysis
6. Economic Analysis
7. Summary Poverty Reduction and Social Strategy
8. Risk Assessment and Risk Management Plan
9. Japan Fund for Information and Communication Technology Grant
10. Gender Action Plan
11. Initial Environmental Examination
12. Resettlement Plan

Supplementary Documents
13. Detailed Economic Analysis
14. Job Center and Migration Service Center Facility Design Report
15. Introduction of ISCO-08 in Tajikistan