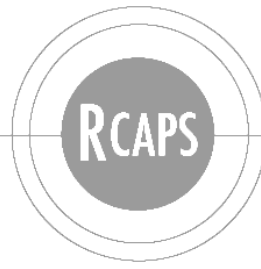


Ritsumeikan Center for Asia Pacific Studies



# RCAPS Working Paper Series

RWP-23001

Challenges in the Development of the Extractive Industries Sector in  
Tajikistan: The Case of the Extractive Industries Transparency Initiative

April 24, 2023

Oliya Maxudova & Kaoru Natsuda  
Graduate School of Asia Pacific Studies  
Ritsumeikan Asia Pacific University

# **Challenges in the Development of the Extractive Industries Sector in Tajikistan: The Case of the Extractive Industries Transparency Initiative**

**Oliya Maxudova<sup>a</sup> & Kaoru Natsuda<sup>b</sup>**

<sup>a</sup> Graduate School of Asia Pacific Studies, Ritsumeikan Asia Pacific University, Beppu, Japan, e-mail address: oliha\_m@mail.ru

<sup>b</sup> Graduate School of Asia Pacific Studies, Ritsumeikan Asia Pacific University, Beppu, Japan, e-mail address: natsuda@apu.ac.jp

## **Abstract**

The extractive industry is one of the most rapidly growing sectors in Tajikistan, contributing to industrialization, employment creation, and export earnings of the country. Although Tajikistan joined the Extractive Industries Transparency Initiative (EITI) in 2013, its membership was suspended a second time in 2022. This study critically examines the failure of the EITI implementation in Tajikistan by identifying five major challenges: 1) poor state capacity), 2) lack of finance, 3) unwillingness to disclose data by extractive companies, 4) lack of public awareness, and 5) insufficient participation of civil society. These challenges are closely interrelated. Insufficient participation of civil society, caused by a lack of finance and poor state capacity, brings about an unwillingness to disclose data and a lack of public awareness. Overall Tajikistan seems to have failed to establish a good governance system.

## **Keywords**

Tajikistan, extractive industry, state capacity, good governance, EITI

## 1. Introduction

The extractive sector has been an archetypal driver for industrialization in many resource-abundant developing countries, contributing to employment creation, foreign exchange earnings through exports, and industrial diversification by creating forward linkages (Dorian & Humphreys 1994; Adibi & Atae-pour 2015). To facilitate natural resource development and management under the concept of transparency and accountability, a project that became known as the Extractive Industries Transparency Initiative (EITI) was advocated by British Prime Minister Tony Blair at the World Summit on Sustainable Development in Johannesburg in 2002. Since then, this initiative has been widely introduced in many resource-rich countries. The main objective of the EITI is to improve natural resource management, particularly resource revenue transparency and accountability in resource-rich countries (Moberg & Rich 2015; Malden 2017). Tajikistan joined the EITI in 2013 but seems to have failed to establish a transparent natural resource management system under this approach to date. Indeed, the country has been suspended from the EITI membership not once but twice, the second time in January 2022 due to missing the deadline for submission of the National Report of Tajikistan on EITI Implementation (hereafter EITI National Report) for 2019.<sup>1</sup>

The extractive sector has been recognized as one of the most important sectors of the economy in the Republic of Tajikistan (RT) since its independence in 1991. The country is well-endowed with natural resources, especially minerals: fuels, metal ores, rare, and precious metals, and others (EITI of Tajikistan 2020). According to the Statistics Agency of Tajikistan, the extractive sector accounted for approximately TJS8.4 billion (US\$0.7 billion) of production and 4.6% of total GDP in 2021. Moreover, mining products accounted for 83.5% of the total exports of the country in 2021 (TAJSTAT 2022). In this regard, the extractive sector significantly contributes to the economic development of Tajikistan. However, the sector faces many issues such as weak forward linkages within the country (products are mostly exported as raw materials), low efficiency of legislative and regulatory acts, lack of own funds, and poor state capacity that has led to corruption and created a negative impact on the economy (Mukimova 2017).

This study investigates why Tajikistan failed to implement the EITI project by examining the challenges for EITI activities in Tajikistan. This study particularly analyzes the failure of

---

<sup>1</sup> EITI website on Tajikistan. Retrieved from: <https://eiti.org/countries/tajikistan> (accessed on 15 April 2022).

Tajikistan from the perspective of state capacity. Although there are some studies on Tajikistan's extractive industries (Azim Ibrohim et al. 2012; Bakhtdavlatov 2019), no research has been conducted in the context of Tajikistan's EITI activities. This study employs qualitative methods, based on semi-structured, in-depth interviews with 25 qualitative interviews, conducted in Tajikistan from 2016 to 2022. 25 respondents (experts) were selected based on their role and experience in the national multi-stakeholder group (MSG), the so-called EITI Council of Tajikistan (hereafter the EITI Council). This study also employs a wide range of secondary sources (data, reports, and academic literature) in English, Russian, and Tajik languages. This paper is organized as follows: the next section discusses the theoretical concepts of state capacity, transparency, and accountability in the extractive sector. The third section presents an overview of the EITI. The fourth section provides an overview of Tajikistan's extractive sector. The fifth section explores issues in the implementation of the EITI in Tajikistan, and the sixth section discusses the findings of the study, followed by a conclusion.

## **2. State Capacity, Transparency, and Accountability in the Extractive Sector**

Developmental state literature advocates the significant role of the state in economic development. Although statisticians emphasize the autonomic aspect of state capacity (Johnson 1982; Amsden 1989; Wade 1990; Woo-Cumings 1999), institutionalists paid special attention to organizational aspects of the state capacity, the so-called 'embedded autonomy' or 'governed interdependence', highlighting a state-society relationship (Evans 1995; Weiss 1999). From the perspective of institutionalists, the East Asian states are not simply authoritarian, nor insulated from society, but embedded in a concrete set of social ties that bind the state to society and provide institutionalized channels for negotiation and re-negotiation of goals and policies (Evans 1995:12). In this context, institutional networks between government and society have been critically important in the socio-economic development.

The concept of state capacity has evolved from the traditional autonomy and bureaucracy analysis to more recent good governance and capacity-building analyses. The traditional approach was originally conceptualized by Weber (1968) by identifying autonomy, bureaucracy, and administrative power. The concept was later developed by others (Mann 1984; Evans 1989; Wang 1995), highlighting the ability of the state to develop and implement policy goals, namely, *implementation capacity*. Implementation capacity refers to the

capability of the state to successfully develop ‘good policies’ and implement them with strong state oversight mechanisms (Mann 1984; Rothstein 2011; Hanson 2015; Adeleke 2017). From this perspective, poor implementation capacity can be viewed as the result of *bad governance* (Sahin et al. 2012). Accordingly, achieving good governance has become a prescription of policy implementation for socioeconomic development (see Kurtz & Schrank 2007; Kaufmann et al. 2010). Therefore, international organizations such as the World Bank and UNDP started emphasizing the importance of the good governance concept. The concept of good governance consists of eight essential principles: i) participatory, ii) consensus-oriented, iii) accountable, iv) transparent, v) responsive, vi) effective and efficient, vii) equitable and inclusive, and viii) the rule of law (Kaufmann et al. 1999; Addink 2019). Among all, transparency and accountability can be recognized as the most important two principles of good governance. Fukuyama (2004) asserted that state capacity should engage in transparency and accountability principles to develop, implement, and strengthen government policies. In line with this, some countries including Kyrgyzstan, Kazakhstan, and Tajikistan, and global organizations such as Transparency International and the EITI started to introduce transparency and accountability principles of good governance into government systems as well as projects (Wright 2009; Öge 2016). Another recent approach emphasizes capacity-building (UNESCO 2005; Hellström 2018). Capacity-building is the capability of individuals, organizations, and society to implement principal functions and solve problems efficiently, effectively, and sustainably (UNESCO 2005). It refers to three levels: i) human resource capacity development (including delivering the skills, information, knowledge, motivations, and training to empower performers to implement effectively); ii) organizational development (the elaboration of management processes, structures, and actions within organizations as well as their associations with other stakeholders - business, community, government, etc.); and iii) institutional and legal framework development (establishing and supporting legal and institutional activities that allow organizations, institutions, and agencies to improve their capacities (IIEP 2006; Hellström 2018).

### *Transparency and Accountability in the Extractive Industry*

As discussed, transparency and accountability are the two most important principles of good governance. This study reviews ‘transparency’ and ‘accountability’ from the perspective of the extractive sector. Kaufmann and Bellver (2005:4) defined transparency as “*increased flow of timely and reliable economic, social and political information, accessible to all relevant stakeholders*”. Transparency performs as a catalyst, which may lead to improving the quality

of governance institutions, and better decisions, policies, and processes without producing an important shift in the political regime. This is an umbrella definition, which can consider several issues containing the public accessibility of information on policy-making processes, policy results, institutions, and different forms of information flow (Gaventa & McGee 2013; Mabillard & Zumofen 2016; Heimstädt & Dobusch 2020). In terms of the extractive sector, transparency primarily addresses the way how governments manage their natural resources incorporating transparency in the revenues and expenditures, granting of contracts, and licenses, public procurement, politicians' personal capital, initiating a fair selection process for officials, the competence of internal and external accounting, auditing, and open budget procedures (Kolstad & Wiig 2009). This is because the fundamental objective of transparency is to reduce corruption and improve regulatory governance through the distribution, promotion, and transparency of information (Sovacool 2020; Fontaine et al. 2022). In contrast, a less transparent institutional environment would inspire the stealing of wealth and other types of illegal activities. Overall, one can argue that transparency is a necessary but not a sufficient condition for better governance. Transparency is expected to improve natural resources management when there is political accountability and free civil society (Van Alstine 2017; Moldaliev 2021).

Accountability is defined as “*forms of deliberation, participation, and public control*” (Bovens 2007:467). In terms of accountability mechanisms, civil society can monitor both government and extractive companies and assess the benefits and damages of their extractive activities. Therefore, the more accountability of the government and extractive firms increases, the more revenue governance (state budgets) increases due to increased transparency (Mejía-Acosta 2013; Corrigan 2014). Under this transparency and accountability mechanism, extractive firms must pay their tax properly and the government must appropriately manage the revenue. Thus, transparency and accountability can counteract revenue governance and improve social welfare (Sovacool 2020; Fontaine et al. 2022). It is important to note that a lack of transparency and accountability of the government system often creates problems such as resource curse, Dutch disease, and environmental degradation in many resource-rich countries (Auty 1993; Sachs & Warner 1995). Therefore, institutional reforms to promote transparency and accountability are supported by many governments and global institutions. In the extractive industries sector, the EITI plays a central role in the promotion of transparency and accountability to eradicate corruption and establishment proper natural resource management in resource-rich countries.

There are a considerable number of studies examining the role of the EITI in natural resource management and economic development, for instance in Tanzania (Poncian & Kigodi 2017), Zambia (Villar & Papyrakis 2017), Ghana and Nigeria (Andrews & Okpanachi 2020), and Indonesia (Yanuardi et al. 2021). Moreover, many scholars also empirically analyze the effectiveness of the EITI in comparison with non-EITI member countries by using panel data. In their analysis, the EITI member countries have better transparency and accountability (Corrigan 2014; 2017), better natural resource management (Rustad et al. 2017; Villar 2021), lower corruption (Sovacool 2020), stronger participation of civil society (Wilson et al. 2021), and better investment climate (Malden 2017). By contrast, some studies emphasize ineffectiveness of the EITI in terms of transparency and accountability (see Kolstad & Wiig 2009; Kaskende et al. 2016; Klein 2017; Öge 2017). In this context, Van Alstine and Andrews (2016) explain that the EITI is a voluntary initiative that is not binding on either the state or companies. In Central Asia, three countries (Kazakhstan, Kyrgyzstan, and Tajikistan) joined the EITI. Some existing studies reveal that the effectiveness of the EITI was limited due to the country's political regimes and structures in Kazakhstan and Kyrgyzstan (Furstenberg 2015, 2018; Furstenberg & Moldaliev 2022). In the case of Tajikistan, no study has been conducted on EITI activities. Therefore, this paper is the first study to examine EITI activities in Tajikistan.

### **3. Extractive Industries Transparency Initiative (EITI)**

The EITI was officially founded in 2003 as a global voluntary initiative that seeks to improve the management of resource wealth in resource-rich countries through resource revenue transparency and accountability.<sup>2</sup> Its establishment was initially facilitated by former British Prime Minister, Tony Blair. He laid out the possibility of the EITI at the World Summit on Sustainable Development in Johannesburg in September 2002 (Moberg & Rich 2015). Under the EITI, 12 principles were proposed to combat corruption in natural resource governance and later the EITI Standard was introduced (Haufler 2010; Sovacool et al. 2016). The EITI significantly contributes to establishing revenue transparency and accountability in the extractive sector. Proponents of the EITI claim that it offers an anti-corruption and favorable business environment for investors and financial institutions (David-Barret & Okamura 2016; Villar 2020; Rosser & Kartika 2020; Teichmann et al. 2020). Because improved government regulations under the EITI Standard have prevented the negative impacts of the resource curse

---

<sup>2</sup> EITI website: Retrieved from: <https://eiti.org/eiti> (accessed on 15 April 2022).

in many countries (Corrigan 2014; Winanti & Hanif 2020). It is also important to note that the EITI Standard is operated by a global MSG consisting of national and some subnational (provincial) governments, and international organizations and NGOs (Desai & Jarvis 2012). A national MSG is organized by representatives from the government, civil society, communities, companies, donors, and the mass media (Osuoka 2020; Tskhay 2020).

At the beginning of 2022, the EITI Standard was introduced in 57 diverse countries from Sub-Saharan Africa to North America (see Table 1) in the context of income, democracy level, and geography (Öge 2017). In addition, more than 75 of the world's leading oil, gas, and mining firms are actively involved (EITI 2021). As shown in Table 1, many countries made successful and meaningful progress in EITI Standard implementation. However, Peru, Suriname, São Tomé and Príncipe, and Tajikistan are currently suspended for missing deadlines. The case of Tajikistan is examined below.

Table 1. EITI Member Countries, 2022

<b>Progress</b>	<b>Countries</b>
<b>Very High</b>	Senegal
<b>High</b>	Democratic Republic of the Congo, Guinea, Sierra Leone, United Kingdom, Zambia
<b>Satisfactory progress</b>	Armenia, Colombia, Germany, Nigeria, Norway, Timor-Leste
<b>Meaningful progress</b>	Burkina Faso, Cameroon, Côte d'Ivoire, Dominican Republic, Ethiopia, Ghana, Indonesia, Iraq, Kazakhstan, Kyrgyz Republic, Madagascar, Mauritania, Mozambique, Republic of the Congo, Seychelles, Tanzania, Togo, Trinidad and Tobago, Ukraine
<b>Moderate</b>	Albania, Argentina, Liberia, Malawi, Mongolia, Papua New Guinea, Philippines
<b>Fairly low</b>	Chad, Guyana, Mali, Netherlands,
<b>Low</b>	Mexico,
<b>Yet to be assessed</b>	Angola, Central African Republic, Ecuador, Gabon, Niger, Uganda
<b>Inadequate progress/suspended</b>	Guatemala, Honduras,
<b>Suspended for missing deadline</b>	Peru, Suriname, São Tomé and Príncipe, Tajikistan
<b>Suspended due to political instability</b>	Afghanistan, Myanmar
<b>Withdrew or were delisted</b>	Azerbaijan, Equatorial Guinea, Solomon Islands, United States, Yemen

Source: EITI (website).<sup>3</sup>

#### 4. Overview of the Extractive Industries Sector in Tajikistan

In 2021, Tajikistan's economy accounted for US\$8.75 billion in nominal GDP and recorded a 9.2 percent growth rate. Moreover, its GDP per capita was only US\$891.9 (World Bank 2022). Tajikistan is a mountainous country and is blessed with sufficient minerals, precious metals, and energy deposits (Rahimov et al. 2018). These resources include enormous proven quantities of coal, gold, silver, antimony, lead and zinc, copper, mercury, bismuth, molybdenum, phosphates, talk, wolfram, strontium, tin, uranium, oil, and gas, fluor spar, rock

<sup>3</sup> Retrieved from: <https://eiti.org/countries> (accessed on 10 March 2022).



salt, precious and semi-precious stones and more (see Table 2). 50 types of resources have been explored and extracted in Tajikistan. It is estimated that more than 600 deposits are being explored and 100 deposits are under development. Moreover, there are around 800 potential sites for extraction in Tajikistan (EITI of Tajikistan 2015; Bakhtdavlatov 2019).

Table 2. The Natural Resource Potentials of Tajikistan, 2021

Resources	Zones	Deposits	Reserves	Production (2021)
<i>Mining Potential</i>				
Coal	Zeravshan-Hissor; South-Hissor; Pamir-Darvaz and South-Fergan	40	4.4 (bilion tons)	2,088.7 (thousand tons)
Gold	Karamzar; Zeravshan-Hissor; Zaravshon; Northern and Southern Pamir	150	500.0 (tons)	8.5 (tons in 2020)
Silver	Karamzar; Zaravshon River; Pamir	n/a	72,000 (tons)	10.2 (tones in 2019)
Antimony	Shing-Magian; Konchoch; Dzhikrut and Yagnob-Zakhob	72	50,000 (tons)	16,000 (metric tons in 2019)
Lead and Zinc	Karamzar; Karamin Range; Kuramin Range; Southwestern of Tajikistan	200	10.0 (million tons)	n/a
Copper	Karamzar	14	150,000 (tons)	n/a
<i>Fossil Potential</i>				
Oil	North and Southwestern parts of Tajikistan	n/a	117.0 (million tons)	24,600 (tons)
Gas	North and Southwestern parts of Tajikistan	n/a	857.0 (billion m3)	0.8 (million m3)

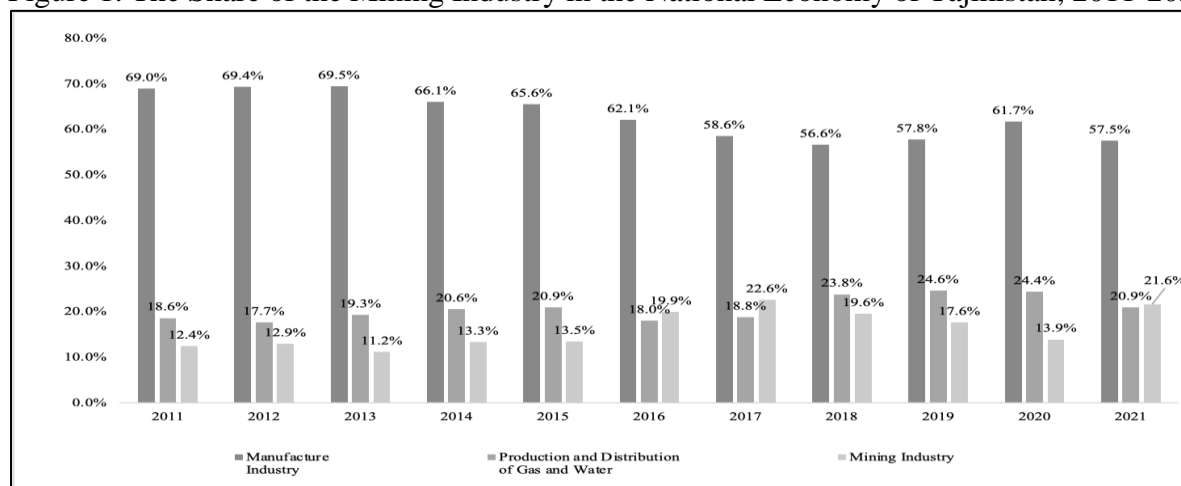
Note: n/a – not available.

Source: MINT (2020), TAJSTAT (2022).

### *Mining Industry Sector*

The industry sector plays a vital role after the agriculture sector in Tajikistan. It constituted 13.3% of the GDP in 2014 and increased to 18.2% in 2021. Within the industry sector, the manufacturing sector accounted for 57.5% of the total output, followed by the production and distribution gas and water sector (20.9%) and the mining industry (21.6%) in 2021(Figure 1).

Figure 1. The Share of the Mining Industry in the National Economy of Tajikistan, 2011-2021



Source: TAJSTAT (2022:401).

Table 3 shows the main indicators of the mining sector of Tajikistan between 2000 and 2021. During this period, the production outputs in the mining sector increased by 7.2-fold and the number of enterprises in the mining sector also increased by 3.4-fold. The growth of the mining industry was attributed to large inward foreign direct investment (FDI) as the result of improved legislation and regulations, tax incentives, and issuing licenses on new deposits by the government (EITI of Tajikistan 2020; TAJSTAT 2022).

Table 3. The Main Economic Indicators of the Mining Industry in Tajikistan, 2000-2021

	2000	2005	2010	2015	2016	2017	2018	2019	2020	2021	2021/2000
Mining Industry Production (million TJS)											
Total of Industry Production Output	5,704	9,930	11,344	12,196	15,090	20,029	23,894	27,613	30,890	38,829	680.7%
Mining Industry Production Output	892	1,086	1,152.0	1,641	3,004	4,524	4,686	4,853	4,309	8,409	729.9%
<b>Share of the Mining Industry (%)</b>	<b>15.6%</b>	<b>10.9%</b>	<b>10.2%</b>	<b>13.5%</b>	<b>19.9%</b>	<b>22.6%</b>	<b>19.6%</b>	<b>17.6%</b>	<b>13.9%</b>	<b>21.7%</b>	-
Enterprises (unit)											
Total of Enterprises	1,329	1,130	1,386	2,310	2,043	1,999	2,161	2,164	2,283	2,397	180.4%
Mining Industry Enterprises	85	90	96	214	232	229	249	250	264	291	342.4%
<b>Share of the Mining Industry (%)</b>	<b>6.4%</b>	<b>8.0%</b>	<b>6.9%</b>	<b>9.3%</b>	<b>11.4%</b>	<b>11.5%</b>	<b>11.5%</b>	<b>11.6%</b>	<b>11.6%</b>	<b>12.1%</b>	-
Employment (thousand people)											
Total of Industry	90.1	85.1	69.5	81.2	80.9	86.8	85.6	84.2	84.3	85.3	94.7%
Mining Industry	11.0	10.0	10.3	12.5	11.4	12.6	14.1	12.5	12.5	13.5	122.7%
<b>Share of the Mining Industry (%)</b>	<b>12.2%</b>	<b>11.8%</b>	<b>14.8%</b>	<b>15.4%</b>	<b>14.1%</b>	<b>14.5%</b>	<b>16.5%</b>	<b>14.8%</b>	<b>14.8%</b>	<b>15.8%</b>	-

Note: Authors' calculation.

Source: TAJSTAT (2022:397),

### Exports

The mining industry significantly contributes to export in Tajikistan. However, the Statistics Agency does not provide accurate information on the mining industry of Tajikistan in its official statistics. In the export section, the mining industry products represent only mineral products. Surprisingly, in the official statistics, many other mining products such as chemical products (phosphorites, sulfur pyrites, potash, salt, etc.), products made of stone, gypsum, pearls and precious metals products, and non-precious metals are not officially included in

mining products. Therefore, Table 4 had to be constructed based on international standards of the System of National Accounts (UN 2018). In this method, in 2021 83.5% of the total exports of the country were mining products (TAJSTAT 2022).

Table 4. Mining Industry Exports by Products, 2010-2021

	2010	2015	2016	2017	2018	2019	2020	2021	2021/2010
<b>Total Export (US\$ million)</b>	<b>1,194.7</b>	<b>890.6</b>	<b>898.7</b>	<b>1,198.0</b>	<b>1,073.3</b>	<b>1,174.4</b>	<b>1,406.8</b>	<b>2,149.6</b>	179.9%
<b>Total Export of Mining Products (US\$ million) including:</b>	<b>847.8</b>	<b>644.5</b>	<b>634.2</b>	<b>933.3</b>	<b>790.1</b>	<b>911.5</b>	<b>1,158.4</b>	<b>1,794.7</b>	211.7%
1) Mineral Products (US\$ million)	54.4	204.1	307.2	487.1	544.4	459.3	275.6	619.4	1138.6%
2) Chemical Products (US\$ million)	3.0	0.7	2.2	2.8	8.0	8.1	5.9	12.2	406.7%
3) Products Made of Stone, Gypsum, Stone (US\$ million)	0.0	0.0	0.1	0.2	0.3	0.3	0.2	0.4	4000.0%
4) Products of Pearls and Precious Metals (US\$ million)	33.2	207.6	99.3	213.80	2.0	225.8	689.7	896.7	2700.9%
5) Products of Non-Precious Metals (US\$ million)	757.2	232.1	225.4	229.4	235.4	218.0	187.0	266.0	35.1%
<b>Share of the Mining Products in Export (%)</b>	<b>71.0%</b>	<b>72.4%</b>	<b>70.6%</b>	<b>77.9%</b>	<b>73.6%</b>	<b>77.6%</b>	<b>82.3%</b>	<b>83.5%</b>	-

Note: Authors' calculation (different from official data).

Source: TAJSTAT (2021:546), TAJSTAT (2022:327).

One of the weaknesses is that Tajikistan lacks local processing capacity for the extractive industry. During the Soviet era, Tajikistan played a role as a raw material supplier in the Soviet Union. However, this role has not changed since independence in 1991. Almost all the mining operations in Tajikistan are owned by foreign enterprises (including joint ventures) and conduct only extractive operations.<sup>4</sup> Therefore, local processing capacity is extremely limited. On the one hand, the mining industry contributes to export earnings, on the other it hinders the industrial upgrading opportunities (moving toward higher value-added activities) for Tajikistan.

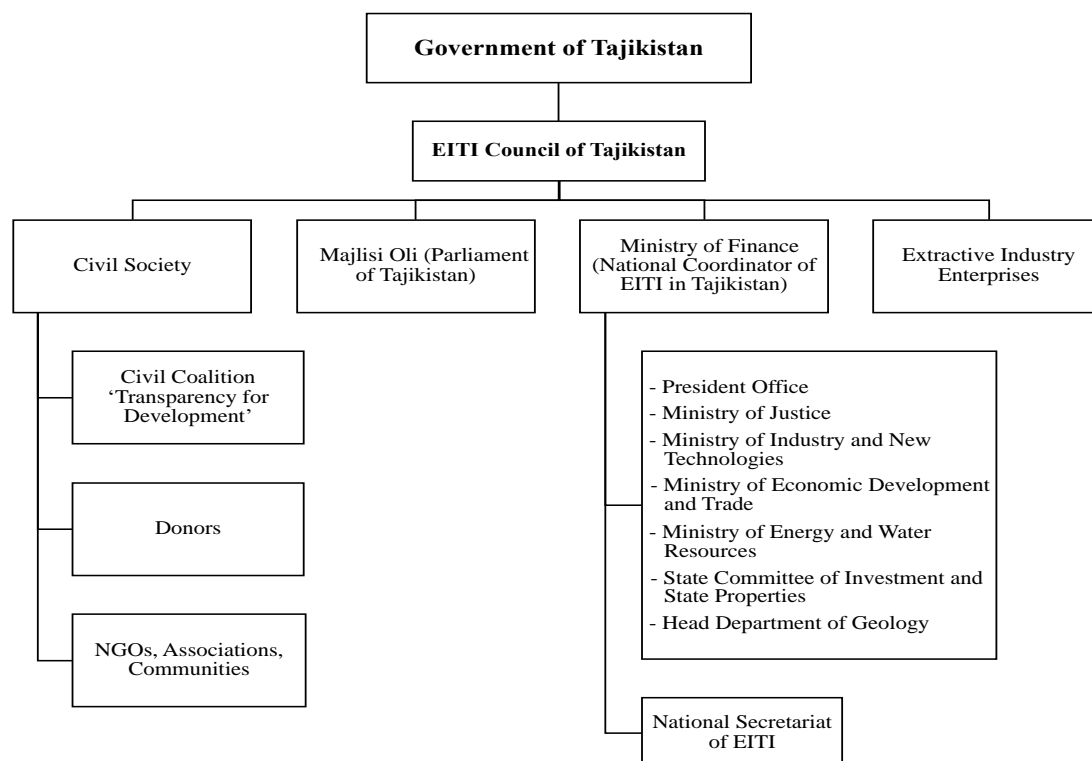
## 5. The EITI of Tajikistan

The main reasons for Tajikistan to join EITI were to combat the high level of corruption, and lack of transparency and accountability in the regulatory and governance systems of the country. In 2012, the President of Tajikistan signed the Decree '*On the Accession of the RT to the EITP*' intending to improve management practices in the extractive sector, enhance the investment climate in the country, strengthen the effort against corruption, and ensure the participation of civil society in controlling state budget revenues from mining operations (Ministry of Finance 2018; EITI of Tajikistan 2020). In 2013, the application of Tajikistan to achieve the status of an EITI candidate country was approved at the 22<sup>nd</sup> meeting of the International EITI Board, held in Norway.

<sup>4</sup> Interview with NGOs Expert from NASME (Interview no. 24), Dushanbe, 22 September 2022.

One year earlier, the Ministry of Finance of Tajikistan had established the National Secretariat of EITI, which is the executive body of the EITI Council (Ministry of Finance 2018). The EITI Council consists of three representative parties: i) the government officials (Parliament and Ministry of Finance), ii) civil society including the civil coalition ‘Transparency for Development’ (hereafter civil coalition),<sup>5</sup> donors (World Bank, GIZ, Open Society Institution), and NGOs, and iii) extractive industry enterprises (see Figure 2). The EITI Council made great efforts to meet the requirements of the EITI Standard. For instance, the EITI Council adopted two policies: ‘Policy of Data Openness’ and ‘Roadmap on Beneficial Ownership for 3 years (2017-2020)’ to promote the implementation of open data and greater transparency for sustainable development in 2016 (Ministry of Finance 2018). More importantly, EITI Council started publishing its annual report, the EITI National Report after 2015.

Figure 2. Structure of EITI in Tajikistan, 2012



Source: EITI of Tajikistan (2015).

<sup>5</sup> It was formed by the representative of various NGOs and public organizations (Association of Power Engineers, League of Women Lawyers, etc.) in 2011.

### *Tajikistan's Challenges in Regard to EITI Implementation*

Regarding the EITI implementation, existing literature identifies many impediments such as bad governance, inadequate policies, weak institutions, and the weak role of civil society (Humphreys et al. 2007; Addink 2019; Brunnschweiler et al. 2021). Another important challenge is that implementation requires a lot of time and money for participating countries (Bickham 2015). As a result, a number of member countries must apply for an extension and typically receive a suspension (Malden 2017). In the case of Tajikistan, its membership was suspended for the first time in 2017, due to inadequate progress in implementing the EITI Standard, particularly a lack of data disclosure by the extractive companies. After the improvement of data disclosure by the EITI Council in 2018, the suspension was removed in February 2020. Even though the EITI Council showed some progress in the implementation of the EITI Standard, Tajikistan was suspended again in January 2022, due to there had been no submission of the EITI National Report for 2019 in 2020. After Tajikistan appealed the extension of the deadline, the headquarters finally granted an extension to June 2023 for the submission of the report covering 2019 to 2021 in July 2022.<sup>6</sup>

In this study, we explore challenges in EITI implementation in Tajikistan by interviewing 25 EITI Council members (government officials, civil society, and enterprises) from 2016 to 2022 (see Appendix 1). In our interviews, the respondents addressed ten challenges in the EITI of Tajikistan (see Table 5).<sup>7</sup> Among all these, we can identify five major challenges in the EITI of Tajikistan: 1) poor state capacity; 2) lack of finance; 3) unwillingness to disclose data by extractive companies; 4) lack of public awareness on EITI Standard implementation; and 5) insufficient participation of civil society. Furthermore, 6) poor cooperation between government and EITI Council members, and 8) poor technological capacities in the EITI Council are closely related to 1) poor state capacity. By the same token, 10) limited participation of community and local leaders is related to 5) insufficient participation of civil society. Five major challenges are examined as follows.

---

<sup>6</sup> EITI website on Tajikistan. Retrieved from: <https://eiti.org/board-decision/2022-34> (accessed on 10 December 2022).

<sup>7</sup> Table 5 is based on interviews in 2016 and 2022 only.

Table 5. Challenges in the EITI of Tajikistan, 2016 and 2022

Challenges	2016		2022	
	Respondents (n=25)	Percentage (%)	Respondents (n=25)	Percentage (%)
<b>1) Poor state capacity including:</b>	n/a	n/a	n/a	n/a
a) Low implementation capacity (policy)	22	88%	24	96%
b) Lack of human resource and organizational development capacities (motivation and knowledge)	14	56%	22	88%
<b>2) Lack of finance</b>	17	68%	22	88%
<b>3) Unwillingness to disclose data by extractive companies</b>	13	52%	13	52%
<b>4) Lack of public awareness on EITI Standard implementation</b>	18	72%	12	48%
<b>5) Insufficient participation of civil society</b>	9	36%	11	44%
6) Poor cooperation between government and EITI Council members	5	20%	8	32%
7) The EITI of Tajikistan structure is not entirely well organized	1	4%	4	16%
8) Poor technological capacities in the EITI Council	1	4%	3	12%
9) Insufficient involvement of the firms related to extractive sector	1	4%	2	8%
10) Limited participation of community and local leaders	1	4%	2	8%

Note: n/a (not applicable).

Source: Interviews with EITI Council members in 2016 and 2022.

### 1) Poor State Capacity

In the interviews, many government officials<sup>8</sup> and NGO experts<sup>9</sup> commented that poor state capacity prevents designing the right policy direction and its implementation in the extractive sector in Tajikistan. From their perspective, a lack of two types of capacities: a) implementation capacity, and b) human resource and organizational capacities are critical problems in Tajikistan.

#### a) Low Implementation Capacity

In our interviews, 22 (or 88%) out of 25 respondents perceived *low implementation capacity of the Tajikistan government* as the major challenge in 2016. This increased to 24 (96%) in 2022. Even one of the respondents explained that “*EITI policies were quickly developed without appropriate analysis. In addition, knowledge of the government is also extremely limited.*”<sup>10</sup> The Tajikistan government typically introduces policies without deep analysis, hence it tends to revise the policies frequently in response to environmental changes. All government institutions in Tajikistan have a department responsible for policy analysis, development, implementation, and evaluation. Nevertheless, their capability is extremely limited, because they are not even involved in collecting data by themselves for policy analysis, rather focusing on responding to inquiries from other ministries and the public (Asadov 2014).

<sup>8</sup> Interview with Government Officials from the Ministry of Finance (Interview nos. 1-4), Dushanbe, 1 September 2022.

<sup>9</sup> Interview with NGO Experts from Transparency Coalition and NGOs (Interview nos. 22-25), Dushanbe, 20 September 2022.

<sup>10</sup> Interview with NGOs Expert from Consulting Group (Interview no. 25), Dushanbe, 18 August 2018.

In our interviews, 8) poor technological capacities in the EITI Council is also observed as a challenge. This problem derives from the lack of infrastructure, including poor equipment in the government (including internet connections) and inappropriate workspace (typically too small). Furthermore, 6) poor cooperation between the government and the EITI Council members is also pointed out as a challenge in 2016 (20%) and in 2022 (32%). Thus, as mentioned above, the implementation capacity of the state in Tajikistan seems to be extremely limited.<sup>11</sup>

*b) Lack of Human Resource and Organizational Capacities*

The World Bank conducted a human resource capacity assessment in Tajikistan in 2011, highlighting the low levels of professionalism, and lack of knowledge (World Bank 2011). In the present study, the lack of human resource and organizational capacities was identified as one of the biggest challenges, accounting for 14 (56%) respondents in 2016 and 22 (88%) respondents in 2022. Typically, government institutions in Tajikistan have a shortage of staff members in both quality and quantity. Two features can be identified. The first is job hopping from the public to the private sector to seek a better salary in Tajikistan. The other is associated with the brain drain problem.<sup>12</sup> Many Tajik nationals with high education tend to migrate to richer countries.<sup>13</sup>

In the case of the EITI of Tajikistan, the EITI Council was established by the Ministry of Finance in 2012. The EITI Standard was implemented together with officials and external experts under the Ministry. However, the low motivation of officials was identified due to a gap in salary benefits between officials and external experts. The officials have essentially worked under volunteer conditions since establishment, whereas the external experts, contracted by international donors, have received high salaries. As a result, the unfair salary conditions of the project resulted in two negative impacts on the Tajikistan side. First, 60% of the officials and stakeholders who participated in the project during 2012-2019 left the job and

---

<sup>11</sup> Interviews with NGO Experts from Transparency Coalition of Tajikistan and NGOs (Interview nos. 22-25), Dushanbe, 22 September 2022, and International Organization Experts from GIZ (Interview nos. 18-19), Dushanbe, 31 August 2022.

<sup>12</sup> Interviews with NGO Experts from NASME and Consulting Group (Interview nos. 24-25), Dushanbe, 23 September 2022.

<sup>13</sup> According to the Minister of Labor, Migration, and Employment of the Population of Tajikistan, Mrs. Shirin Amonzoda 'In the first six months of 2022, more than 322 thousand citizens left the country in search of work. 90% of them went to the Russian Federation and the rest to Kazakhstan and foreign countries (USA, Europe, and South Korea - 8218 people)'. Retrieved from: <https://rus.ozodi.org/a/31960984.html> (accessed on 15 December 2022).

sought better work conditions in the domestic private sector or abroad (Working Plan 2021). Second, those who left the job did not share their accumulated knowledge and experiences with their colleagues. In other words, knowledge transfer was not conducted within the organization. Consequently, the remaining staff could not manage the project in an appropriate manner due to their lack of knowledge. In nutshell, failure of institutional memory occurred.<sup>14</sup> In addition, new staff members (who joined the Ministry after 2019) were not enthusiastic to implement the EITI activities under such conditions and eventually did not make efforts on preparing the EITI National Report for 2019/2020 for resubmission.<sup>15</sup>

## **2) Lack of Finance**

Finance is considered as the second major challenge, accounting for 17 (or 68%) respondents in 2016 and 22 (or 88%) respondents in 2022. This is because the EITI Council used its grant from the World Bank by 2020 and could not obtain a new financial source after this.<sup>16</sup> Although the EITI Council is organized under the Ministry of Finance, all activities are financially covered by international donors, not by the state budget. Therefore, officials must seek to obtain funds from international donors such as the World Bank, GIZ, or NGOs.<sup>17</sup> In short, the success of the EITI project highly depends on external funding. In the case of Tajikistan, since the establishment of the EITI Council, financial issues have been always at the top of the discussion agenda in the meetings. Another important issue addresses that the fund is mainly used for a contract with an international auditing firm that audits extractive firms to disclose a balance sheet (which requires the EITI National Report). Although three National EITI reports were published by the end of 2020, the 4<sup>th</sup> (2019/2020) and 5<sup>th</sup> (2021) reports could not be produced due to a lack of finance.<sup>18</sup> Consequently, Tajikistan's membership was suspended again in 2022. Importantly note that there is a bidding to prepare the EITI National Report for 2019/2020 and 2021 (financed by the US Embassy in Tajikistan), according to the website of the EITI Council in November 2022.<sup>19</sup>

---

<sup>14</sup> According to Hardt (2017:123), institutional memory relates to the shared knowledge in an institute through time and space. It includes procedures and approaches to organizational knowledge transfer (knowledge capacity) and studying through people and organizations.

<sup>15</sup> Interview with Government Officials from Ministry of Finance (Interview nos. 2-3), Dushanbe, 30 August 2022.

<sup>16</sup> Interview with Government Official from Ministry of Finance (Interview no. 3), Dushanbe, 30 August 2022.

<sup>17</sup> Interview with Government Official from the Ministry of Finance (Interview no. 3), Dushanbe, 20 February 2017.

<sup>18</sup> Interviews with Government Officials from the Ministry of Finance (Interview nos. 1-8), MEDT (Interview no. 9), MINT (Interview no. 11), MEWR (Interview no. 12), and Department of Geology (Interview no. 13), Dushanbe, 19-21 September 2022.

<sup>19</sup> EITI website in Tajikistan: Retrieved from: <https://www.pbo.eiti.tj/announcement/request-for-proposals> (accessed on 9 March 2023).



### **3) Unwillingness to Disclose Data by Extractive Companies**

Even though data disclosure by extractive companies is one of the main objectives of the EITI Standard, 13 (52%) respondents viewed unwillingness to disclose data by extractive companies as a major challenge in 2016 and 2022. Nevertheless, since its establishment, the EITI Council provided many pieces of training and seminars on the EITI Standard, including data disclosure with emphasis on the benefits of attracting FDI.<sup>20</sup> However, many extractive companies are unwilling to provide financial data due to their distrust of the government. Moreover, the companies cannot view the benefits of EITI activities.<sup>21</sup>

### **4) Lack of Public Awareness of EITI Implementation**

In our interviews, 18 (72%) respondents viewed the lack of public awareness of EITI as a challenge in 2016. This challenge showed some improvements in 2022. Indeed, under financial support from international donors, EITI Council conducted an information campaign on the EITI Standard for the public from 2017 to 2019. To some extent, public awareness was enhanced during this period. However, 48% of respondents consider that public awareness is still a challenge, because of the following three reasons: i) no campaign after 2020 due to lack of finance; ii) unsatisfactory level of website information; and iii) no involvement of government mass media (television, radio, and newspapers). In fact, the Tajikistan government seems not to be accountable to the public, though government information is perceived as a public good (Sandoval-Almazan 2015).

### **5) Insufficient Participation of Civil Society in the EITI**

According to our interviews, 11 (44%) respondents identified insufficient participation in civil society as a challenge in 2022. In addition, 2 respondents (8%) said that 10) community and local leaders are excluded from the EITI council (see Table 5). Among three representatives of civil society in Tajikistan, the civil coalition played a central role in the implementation of the EITI activities in the early stage, by revising legislation in the extractive industries sector, training with communities, media promotion, and developing a roadmap for beneficial ownership of the extractive industry companies.<sup>22</sup> In 2020, however, due to a lack of finance

---

<sup>20</sup> Interview with NGO Experts from Transparency Coalition of Tajikistan (Interview nos. 22-23), Dushanbe, 4 September 2018.

<sup>21</sup> Interviews with Extractive Companies (Interview nos. 14-16), Dushanbe, 2 September 2022.

<sup>22</sup> Interview with NGOs Experts from Transparency Coalition (Interview nos. 22-23), Dushanbe, 18 August 2018.

of the EITI Council, the role of civil society was dramatically diminished. Moreover, all activities of civil society require the government's approval, which takes a long bureaucratic procedure. As a result, all EITI activities in Tajikistan were temporarily frozen until 2022. In fact, there were no EITI Council meetings until July 2022.

## 6. Discussion

Four features should be highlighted in the failure of Tajikistan's EITI project. First, the state capacity is critically important for Tajikistan to implement the EITI Standard. Tajikistan has an institutional structure, but clearly lacks two capacities: a) implementation capacity, and b) human resource and organizational capacities. According to the World Bank's Worldwide Governance Indicators (WGI), Tajikistan's performance in government effectiveness, the rule of law, and regulatory quality has been very low (see Table 6). Table 7 also shows some indicators related to implementation capacity, and human resource and organizational capacities in Tajikistan and its neighboring EITI member countries. According to the World Economic Forum (2019), Tajikistan has poor infrastructure, especially information and communications technology (ICT) as our interviews reveal. In relation to human resource and organizational capacities, our respondents (especially from government institutions) identified the lack of qualified personnel, limited institutional memory, the brain drain, low motivation, and salary as challenges, claiming that they need to access additional education and knowledge on natural resource management and salary increments. In Table 7, the extent of staff training was also low, Tajikistan being ranked 93<sup>rd</sup> out of 141 countries in 2019. In addition, the indicator, 'reliance on professional management' is related to nepotism and cronyism in the country, and Tajikistan was ranked one of the worst countries (see Table 7).<sup>23</sup> More significantly, the salaries in the public sector in Tajikistan was the lowest among Central Asia countries in 2021 (see Table 8). It is important here to note that Kyrgyzstan's performance in staff training and reliance on professional management is slightly lower than in Tajikistan. Nevertheless, the EITI implementation in Kyrgyzstan is more advanced. One of the major differences between the two countries might be attributed to financial support from the World Bank (see Furstenberg & Moldaliev 2022).

---

<sup>23</sup> World Economic Forum (2019:622), determined the indicator of reliance on professional management: 'Response to the survey question 'In your country, who holds senior management positions in companies?' [1 = usually relatives or friends without regard to merit; 7 = mostly professional managers chosen for merit and qualifications] 2018–2019 weighted average or most recent period available.

Table 6. Governance Indicators in Tajikistan, 2017-2021

Indicators	2017	2018	2019	2020	2021
Control of Corruption: Estimate	-1.33	-1.41	-1.33	-1.33	-1.34
Government Effectiveness: Estimate	-1.13	-1.11	-1.06	-0.71	-0.59
Regulatory Quality: Estimate	-1.08	-1.07	-1.03	-1.04	-1.13
Rule of Law: Estimate	-1.37	-1.29	-1.24	-1.23	-1.19
Voice of Accountability: Estimate	-1.72	-1.70	-1.80	-1.78	-1.71

Note: The composite measures of governance are in units of standard normal distribution, with a mean of zero, a standard deviation of 1, and running from about -2.5 to 2.5. Higher values correspond to better governance.

Source: Worldwide Governance Indicators (online database).<sup>24</sup>

Table 7. Institutions, ICT, and Staff Indicators in EITI Members of Tajikistan's Neighboring Countries, 2019

Index Component	Armenia			Kazakhstan			Kyrgyz Republic			Mongolia			Tajikistan		
	Value	Score	Rank/141	Value	Score	Rank/141	Value	Score	Rank/141	Value	Score	Rank/141	Value	Score	Rank/141
<b>Institutions</b>															
Transparency 0-100	-	35.0 †	91	-	31.0 =	107	-	29.0 =	111	-	37.0 †	81	-	25.0 †	127
Incidence of corruption 0-100 (best)	35.0	35 =	91	31.0	31.0 =	107	29.0	29.0 =	111	37.0	37.0 †	81	25.0	25.0 †	127
<b>ICT</b>															
ICT adoption 0-100	-	62.0 †	59	-	68.0 †	44	-	58.8 †	65	-	46.5 ‡	96	-	31.8 ‡	121
Fixed-broadband Internet subscriptions per 100 pop.	11.8	23.5 †	71	13.4	26.9 ‡	65	3.8	7.6 ‡	95	9.7	19.3 †	76	0.1	0.1 ‡	132
<b>Staff</b>															
Extent of staff training 1-7 (best)	3.7	44.8 †	97	3.9	48.3 †	77	3.4	40.3 †	126	3.7	45.8 †	94	3.8	46.0 †	93
Reliance on professional management 1-7 (best)	4.3	54.6 †	72	3.8	47.0 †	105	3.3	39.0 †	128	4.1	52.1 †	86	3.7	45.0 †	115

Source: World Economic Forum (2019).

Table 8. Macroeconomic Indicators of Central Asia Countries, 2021

Indicators	Kazakhstan	Kyrgyz Republic	Tajikistan	Turkmenistan	Uzbekistan
GDP per capita, current US\$ (2021)	10,387.9	1,275.9	891.9	7344.6*	1,983.1
Average salary wages of officials per month in US\$	997.26	259.48	152.02	N/A	312.88

Note: \*GDP per capita of Turkmenistan in 2019.

Source: Kazinform (website),<sup>25</sup> NSC of Kyrgyz (2022), TAJSTAT (2022), World Bank (online database),<sup>26</sup> UZSTAT (2022).

Second, finance plays a critical role in the EITI project. Indeed, many EITI member countries struggle with the lack of finance to implement EITI activities (Bikham 2015; Malden 2017). To solve this problem, three measures can be considered: i) government assistance (state budget, state funds, public debts, etc.), ii) donor assistance (grants and technical assistance),

<sup>24</sup> Retrieved from: [https://databank.worldbank.org/reports.aspx?Report\\_Name=WGI-Table&Id=ceea4d8b](https://databank.worldbank.org/reports.aspx?Report_Name=WGI-Table&Id=ceea4d8b) (accessed on 19 March 2023).

<sup>25</sup> The Average Monthly Salary in Kazakhstan in 2021. Retrieved from: [https://www.inform.kz/ru/srednemesyachnaya-zarabotnaya-plata-v-2021-godu-v-kazahstane-sostavlyala-250-tys-tenge\\_a3942200](https://www.inform.kz/ru/srednemesyachnaya-zarabotnaya-plata-v-2021-godu-v-kazahstane-sostavlyala-250-tys-tenge_a3942200) (accessed on 15 February 2023).

<sup>26</sup> GDP Per Capita (Current US\$) – Turkmenistan in 2019. Retrieved from: <https://data.worldbank.org/indicator/NY.GDP.PCAP.CD?locations=TM> (accessed on 15 February 2023).

and iii) sovereign wealth fund (SWF) assistance (Barnett & Ossowski 2003; Ouoba 2016). In the first measure, many developed countries such as the UK, Germany, and Norway have implemented EITI activities with their own finance. These countries also support international EITI activities. In the second measure, many developing EITI member countries like Albania, Armenia, Ethiopia, Kazakhstan, and Kyrgyzstan established successful cooperation with international donors such as World Bank, IMF, and GIZ in their EITI activities.<sup>27</sup> Unlike Tajikistan, these countries recognize the benefits of the EITI, subsequently, they are highly motivated to engage in EITI activities. More importantly, these countries hold a long-term project goal and prepare a comprehensive proposal for the funds provided by international donors before the existing fund is terminated (World Bank 2013; Furstenberg 2018; EITI-Armenia 2022). In short, they can successfully maintain the EITI project. In other words, the sustainability of the project depends on their motivation. In contrast, Tajikistan seems not to be motivated to engage in the project and thus does not look for an external fund before the existing fund is terminated. Hence, the EITI project is currently suspended. Under these circumstances, the sustainability of the project cannot be maintained in Tajikistan. The last measure is the establishment of a specific SWF for financing EITI activities. The aim of the SWF is to invest in important national projects by depositing extractive sector revenues in the government. Indeed, many EITI member countries (Kazakhstan, Mongolia, Indonesia, etc.) established an SWF to successfully implement the EITI activities (Truman 2008; Tsani 2015). It is important to note that the effectiveness of SWF depends on state capacity and a good governance system (Rodrik 2004), which Tajikistan clearly lacks.

Third, two challenges: 3) unwillingness to disclose data by extractive companies, and 4) lack of public awareness of EITI Standard implementation are closely interrelated with 5) insufficient participation of civil society. This is because civil society is mostly involved in providing training and seminars to extractive companies and the public on data disclosure. Civil society must be actively involved as a stakeholder in the policy design, monitoring, and evaluation of the EITI process, and contribute to public debates (Eigen 2006). However, Tajikistan has a weak civil society. According to the Scanteam report in 2011, some EITI countries such as Nigeria, Gabon, and Mongolia have a strong civil society and organize legitimate places for dialogue, while the others such as Kazakhstan, Kyrgyzstan, and Ghana do

---

<sup>27</sup> World Bank website: Retrieved from: <https://www.worldbank.org/en/programs/egps/overview> (accessed on 10 March 2022).

not (Furstenberg 2015; Rustad et al. 2017; Poncian & Kigodi 2018; Furstenberg & Modalieva 2022). The former group of countries achieved satisfactory progress in EITI implementation because the governments transferred their autonomy to civil society. Indeed, a government in association with civil society encourages and conducts public forums of EITI activities (including discussions, training, reports, and analysis of legislations) with citizens on a regular basis (Aaronson 2011; Rustad et al. 2017; Poncian & Kigodi 2018).

By contrast, the latter countries do not provide public participation in EITI activities (Aaronson 2011). For example, in the case of Kyrgyzstan, the engagement of civil society in the EITI implementation is highly restricted by the government. Kazakhstan's case is even worse. Civil society institutions in Kazakhstan are organized by the government. Not surprisingly, almost all members of the organizations consist of former government officials. Thus, they should be considered an extension of governmental organizations rather than societal responses (Furstenberg 2018). In the case of Tajikistan, at the early stage of the EITI project, the government established a collaborative network with civil society and brought many positive influences including information campaigns, data disclosure, analysis of legislation, and report preparation. In this context, it was rather similar to the former group. However, the role of civil society dramatically diminished after 2020 due to a lack of finance for the EITI project and then the government started to control all activities of civil society strictly. Currently, any actions by NGOs cannot be implemented without government approval.

Fourth, Tajikistan seems to have failed to establish a good governance system. Out of 8 principles of good governance, the two core principles: iii) accountability and iv) transparency are inadequate in Tajikistan (see Table 6 and Table 7). According to the World Economic Forum (2019), Tajikistan was one of the worst, ranked 127<sup>th</sup> out of 141 countries in the overall assessment of iv) transparency in 2019. With regard to corruption, Tajikistan was also ranked 127<sup>th</sup> out of 141 countries in 2019. WGI also indicates a low performance of corruption. Another two principles: vi) effective and efficient and viii) rule of law seems to be problematic in Tajikistan, too (see Table 6). Furthermore, it is obvious that i) participatory and vii) equitable and inclusive are not achieved in Tajikistan as we discussed above. Overall, therefore, it can be said that Tajikistan has failed to establish a good governance system, even though it joined the EITI. And, the lack of good governance increases vulnerability and prevents the effective distribution and management of natural resources, and subsequently limits growth in Tajikistan (IMF 2022).

## **7. Conclusions**

The extractive sector in Tajikistan has been growing rapidly in the last two decades, contributing to industrialization, employment generation, and the export earnings of the country. Tajikistan joined the EITI in 2013 in order to solve the high level of corruption, lack of transparency, and accountability in the regulatory and governance systems of the country. However, these problems could not be solved through EITI implementation. In fact, Tajikistan failed to establish a good governance system. This study critically examined why Tajikistan could not implement the EITI project by identifying five major challenges: 1) poor state capacity; 2) lack of finance; 3) unwillingness to disclose data by extractive companies; 4) lack of public awareness; and 5) insufficient participation of civil society. These challenges are closely interrelated, hence we cannot view each of them in isolation. For example, the insufficient participation of civil society, caused by a lack of finance and poor state capacity, creates an unwillingness to disclose data and a lack of public awareness.

Three policy proposals should be addressed to the Tajikistan government. First, the poor state capacity of the Tajikistan government seems to limit not only EITI implementation but also growth opportunities in the extractive sector. In terms of good governance, even though the Tajikistan government acknowledged two core principles (accountability and transparency), it failed to implement them in practice. In this context, the government should take serious action to improve its state capacity under a good governance system (possibly by introducing all eight principles). In relation to the lack of human resources and organizational capacities, the study identified the lack of qualified personnel, limited institutional memory, brain drain, low motivation, and salary as challenges. To improve this situation, the government should pay more attention to hiring well-educated/qualified personnel as well as staff training (possibly in cooperation with international donors). Moreover, it is important to stress that the establishment of a knowledge transfer system among staff members is critically important in maintaining knowledge within government organizations (the enhancement of institutional memory).

Second, the lack of finance has caused a negative impact on the promotion of EITI in the country. EITI Council is not highly motivated to engage in the project and thus does not look for fundraising before the existing fund is terminated. As the result, the EITI project is currently

suspended. Unless EITI Council changes its attitude, this problem will never be solved. Two possible solutions might exist. The first measure is to seek financial assistance from donors like Kazakhstan, Armenia, and the Kyrgyz Republic. The second measure includes the establishment of a specific SWF for financing EITI activities by the government of Tajikistan. Noticeably, if the financial problem is solved, two challenges: human resource and organizational capacities (salary increments) and financing civil society activities might be enhanced.

Third, Tajikistan has a weak civil society in relation to the implementation of the EITI Standard. The role of civil society drastically diminished after 2020 due to a lack of finance in the EITI project as well as the government's restrictions on civil society activities. In practice, the EITI project provides an opportunity to improve active civil society participation. Therefore, the Tajikistan government should strengthen empowerment and the direct participation of civil society. This will help in the further promotion of the EITI Standard, which can enhance data disclosure, and public awareness and ensure citizens' interests and participation in the decision-making process. In this context, the state-society relationship advocated by institutionalists is increasingly important for Tajikistan.

## References

- Aaronson, S. (2011). Limited Partnership: Business, Government, Civil Society, and the Public in the EITI. *Public Administration and Development*, 31(1):50-63.
- Adeleke, F. (2017). *The EITI and Africa's Mineral Governance Regime*. Occasional Papers 266. Johannesburg: South African Institute of International Affairs.
- Addink, H. (2019). *Good Governance: Concept and Context*. Oxford: Oxford University Press.
- Adibi, N., & Atae-pour, M. (2015). Decreasing Minerals' Revenue Risk by Diversification of Mineral Production in Mineral-Rich Countries. *Resources Policy*, 45:121-129.
- Amsden, A. (1989). *Asia's Next Giant*. New York: Oxford University Press.
- Andrews, N., & Okpanachi, E. (2020). Depoliticization and Ahistoricism of Transparency and Accountability via Global Norms: Assessing the EITI in Ghana and Nigeria, *Commonwealth & Comparative Politics*, 58(2):228-249.

- Asadov, S. (2014). *The Policy Process in Government in Tajikistan: Recent Dynamics, Challenges, and Opportunities*. Working Paper No. 28. Khorog: University of Central Asia.
- Auty, R. (1993). *Sustaining Development in Mineral Economies: The Resource Curse Thesis*. London: Routledge.
- Azim Ibrohim, Mamadvafoev, M., Djanobilov, M., & Fahrutdinov, R. (2012). *Зеравшанский Горно-промышленный Регион Таджикистана: Геология и Минеральные Ресурсы* (Zeravshan Mining Region of Tajikistan: Geology and Mineral). Moscow: Publishing House 'Руда и Металлы'.
- Bakhtdavlatov, R. (2019). *Report on Classification of Energy and Mineral Resources and its Management in the RT*. Dushanbe: Main Department of Geology under the Government of Tajikistan.
- Barnett, S., & Ossowski, R. (2003). Operational Aspects of Fiscal Policy in Oil Producing Countries, in J. Davis, R. Ossowski, & A. Fedelino (eds) *Stabilization and Saving Funds for Nonrenewable Resources*. Washington, DC.: International Monetary Fund (IMF), 45-82.
- Bickham, E. (2015). *Mining and the EITI: A Review of International and In-country Experiences of the EITI from the Perspective of Supporting Mining Companies*. London: International Council on Mining and Metals.
- Bovens, M. (2007). Analyzing and Assessing Accountability: A Conceptual Framework. *European Law Journal*, 13(4):447-468.
- Brunnschweiler, C., Edjekumhene, I., & Lujala, P. (2021). Does Information Matter? Transparency and Demand for Accountability in Ghana's Natural Resource Revenue Management. *Ecological Economics*, 181:106903.
- Corrigan, C. (2014). Breaking the Resource Curse: Transparency in the Natural Resource Sector and the EITI. *Resources Policy*, 40:17-30.
- Corrigan, C. (2017). The Effects of Increased Revenue Transparency in the Extractive Sector: The Case of the EITI. *The Extractive Industries and Society*, 4(4):779-787.
- David-Barrett, E., & Okamura, K. (2016). Norm Diffusion and Reputation: The Rise of the EITI. *Governance*, 29(2):227-246.
- Desai, D., & Jarvis, M. (2012). Governance and Accountability in Extractive Industries: Theory and Practice at the World Bank. *Journal of Energy and Natural Resources Law*, 30(2):101-128.



- Dorian, J., & Humphreys, B. (1994). Economic Impacts of Mining. A Changing Role in the Transitional Economies. *Natural Resources Forum*, 18(1):17-29.
- Eigen, P. (2006). Fighting Corruption in a Global Economy: Transparency Initiative in the Oil and Gas Industry. *Houston Journal of International Law*, 29(2):327-354.
- EITI. (2021). *Progress Report. Extractives Transparency in a Year of Change*. London: EITI.
- EITI-Armenia. (2022). *The Republic of Armenia EITI Report 2020-2021*. Yerevan: EITI.
- EITI of Tajikistan. (2015). *The 1<sup>st</sup> National Report on the Implementation of EITI in the RT for 2014. Tajikistan EITI Report*. Dushanbe: EITI of Tajikistan.
- EITI of Tajikistan. (2020). *The 3<sup>rd</sup> National Report on the Implementation of EITI in the RT for 2017-2018. Tajikistan EITI Report*. Dushanbe: EITI of Tajikistan.
- Evans, P., 1989. Predatory, Developmental, and Other Apparatuses: A Comparative Political Economy Perspective on the Third World State. *Sociological Forum*, 4(4):561-587.
- Evans, P. (1995). *Embedded Autonomy: States and Industrial Transformation*. Princeton NJ: Princeton University Press.
- Fontaine, G., Carrasco, C., & Rodrigues, C. (2022). How Transparency Enhances Public Accountability: The Case of Environmental Governance in Chile. *The Extractive Industries and Society*, 9:101040.
- Fukuyama, F. (2004). *State-Building*. New York: Cornell University Press.
- Furstenberg, S. (2015). Consolidating Global Governance in Nondemocratic Countries: Critical Reflections on the EITI in Kyrgyzstan. *The Extractive Industries and Society*, 2(3):462-471.
- Furstenberg, S. (2018). State Responses to Reputational Concerns: The Case of the EITI in Kazakhstan. *Central Asian Survey*, 37(2):286-304.
- Furstenberg, S., & Moldaliev, J. (2022). Critical Reflection on the EITI in Kyrgyzstan. *World Development*, 154:105880.
- Gaventa, J., & McGee, R. (2013). The Impact of Transparency and Accountability Initiatives. *Development Policy Review*, 31(S1):3-28.
- Hanson, J. (2015). Democracy and State Capacity: Complements or Substitutes? *Studies in Comparative International Development*, 50(3):304-330.
- Hardt, H. (2017). How NATO Remembers: Explaining Institutional Memory in NATO Crisis Management. *European Security*, 26(1):120-148.
- Haufler, V. (2010). Disclosure as Governance: The EITI and Resource Management in the Developing World. *Global Environmental Politics*, 10(3):53-73.

- Heimstädt, M., & Dobusch, L. (2020). Transparency and Accountability: Causal, Critical and Constructive Perspectives. *Organization Theory*, 1(4):1-12.
- Hellström, T. (2018). Centers of Excellence and Capacity Building: from Strategy to Impact. *Science and Public Policy*, 45(4):543-552.
- Humphreys, M., Sachs, J., & Stiglitz, J. (2007). Future Directions for the Management of Natural Resources, in G. Soros, M. Humphreys, J. Sachs, & J. Stiglitz (eds.) *Escaping the Resource Curse*. New York: Columbia University Press, 322-336.
- IMF. (2022). *IMF Country Reports 22/053. RT: 2021 Article IV Consultation-Press Release; Staff Report; and Statement by Executive Director for RT*. Washington, DC.: International Monetary Fund (IMF).
- International Institute for Educational Planning (IIEP). (2006). *Guidebook for Planning Education in Emergencies and Reconstruction*. Paris: UNESCO.
- Johnson, C. (1982). *MITI and the Japanese Miracle*. Stanford: Stanford University Press.
- Kasekende, E., Abuka, C., & Sarr, M. (2016). Extractive Industries and Corruption: Investigating the Effectiveness of EITI as a Scrutiny Mechanism. *Resources Policy*, 48:117-128.
- Kaufmann, D., Kraay, A., & Zoido, P. (1999). *Aggregating Governance Indicators*. *Development Economics*. Policy Research Working Paper, No. 2195. Washington D.C.: World Bank.
- Kaufmann, D., & Bellver, A. (2005). *Transplanting Transparency: Initial Empirics and Policy Applications*. MPRA Paper No. 8188. Munich: University Library of Munich.
- Kaufmann, D., Kraay, A., & Mastruzzi, M. (2010). Response to ‘What do the Worldwide Governance Indicators Measure?’ *European Journal of Development Research*, 22(1):35-58.
- Klein, A. (2017). Pioneering Extractive Sector Transparency. A PWYP Perspective on 15 Years of EITI. *The Extractive Industries and Society*, 4(4):771-774.
- Kolstad, I., & Wiig, A. (2009). Is Transparency the Key to Reducing Corruption in Resource-Rich Countries? *World Development*, 37(3):521-532.
- Kurtz, M., & Schrank, A. (2007). Growth and Governance: Models, Measures, and Mechanism. *Journal of Politics*, 69(2):538-554.
- Mabillard, V., & Zumofen, R. (2016). The Complex Relationship Between Transparency and Accountability: A Synthesis and Contribution to Existing Frameworks. *Public Policy and Administration*, 32(2):110-129.

- Malden, A. (2017). A Safer Bet? Evaluating the Effects of the EITI on Mineral Investment Climate Attractiveness. *The Extractive Industries and Society*, 4(4):788-794.
- Mann, M. (1984). The Autonomous Power of the State: Its Origins, Mechanisms, and Results. *Archives Européenne de Sociologie*, 25(2):185-213.
- Mejia-Acosta, A. (2013). The Impact and Effectiveness of Accountability and Transparency Initiatives: The Governance of Natural Resources. *Development Policy Review*, 31(S1): 89-105.
- Ministry of Finance. (2018). *Таъаббухҳои Шаффофият дар Соҳаи Истихроҷи Ҷумҳурии Тоҷикистон* (EITI of Tajikistan). Dushanbe: Ministry of Finance.
- MINT. (2020). *Отчет Департамента Горного Дела и Драгоценных Металлов за 12 Месяцев 2019 года.* (Report of the Department of Mining and Precious Metals for 12 Months of 2019). Dushanbe: Ministry of Industry and New Technologies of Tajikistan (MINT).
- Moberg, J., & Rich, E. (2015). *Beyond Governments: Making Collective Governance Work - Lessons from the EITI*. England: Routledge.
- Moldaliev, J. (2021). Localizing Transparency and Accountability in Extractives. *The Extractive Industries and Society*, 8(3):100991.
- Mukimova, N. (2017). Проблемы и Перспективы Индустриально-Инновационного Развития Промышленности Республики Таджикистан (Problems and Prospects of Industrial and Innovative Development of the Industry of the RT). *Economics of Tajikistan*, 2(1):97-106.
- National Statistical Committee of the Kyrgyz Republic. (2022). *Wages by Type of Economic Activity for 2021*. Bishkek: National Statistical Committee of the Kyrgyz Republic.
- Öge, K. (2016). To Disclose or Not to Disclose: How Global Competition for FDI Influences Transparency Reforms in Extractive Industries. *Energy Policy*, 98:133-141.
- Öge, K. (2017). Transparent Autocracies: The EITI and Civil Society in the Authoritarian States. *The Extractive Industries Society*, 4(4):816-824.
- Osuoka, I. (2020). From Rules to Standards: Civil Society Contestations, EITI and the Missing Link to Accountability in Nigeria: Interview with Faith Nwadishi. *The Extractive Industries and Society*, 7(3):820-825.
- Ouoba, Y. (2016). Natural Resources: Funds and Economic Performance of Resource-Rich Countries. *Resources Policy*, 50:108-116.
- Poncian, J., & Kigodi, H. (2018). Transparency Initiatives and Tanzania's Extractive Industry Governance. *Development Studies Research*, 5(1):106-121.

- Rahimov, R., Dovgyallo, Y., & Yusufbekov, Y. (2018). *Теоретико-Методологические Вопросы Инновационного Развития Экономики РТ* (Theoretical and Methodological Issues of Innovation Development of the RT Economy). Dushanbe: Дониш.
- Rodrik, D. (2004). *Industrial Policy for the Twenty-First Century*. CEPR Discussion Paper No. 4767. Cambridge: Harvard University.
- Rothstein, B. (2011). *The Quality of Government: Corruption, Social Trust, and Inequality in International Perspective*. Chicago: University of Chicago Press.
- Rosser, A., & Kartika, W. (2020). Conflict, Contestation, and Corruption Reform: The Political Dynamics of the EITI in Indonesia. *Contemporary Politics*, 26(2):147-164.
- Rustad, S., Le Billon, P., & Lujala, P. (2017). Has the EITI been a Success? Identifying and Evaluation EITI Goals. *Resources Policy*, 51:151-162.
- Sachs, J., & Warner, A. (1995). *Natural Resource Abundance and Economic Growth*. Working Paper No. 5398. Cambridge: National Bureau of Economic Research and Harvard University.
- Sandoval-Almazan, R. (2015). Open Government and Transparency: Building Conceptual Framework. *Convergencia Revista De Ciencias Sociales*, 68:1-24.
- Sahin, S., Lewis, B., & Lewis, J. (2012). Fractured Futures: Indonesian Political Reform and West Timorese Manganese Mining. *Global Change, Peace & Security*, 24(2): 389-304.
- Scanteam Report. (2011). *Achievements and Strategic Options Evaluation of the EITI*. Oslo: Scanteam.
- Sovacool, B., Walter, G., Van de Graaf, T., & Andrews, N. (2016). Energy Governance, Transnational Rules, and the Resource Curse: Exploring the Effectiveness of the EITI. *World Development*, 83:179-192.
- Sovacool, B. (2020). Is Sunshine the Best Disinfectant? Evaluating the Global Effectiveness of the EITI. *The Extractive Industries and Society*, 7(4):1451-1471.
- TAJSTAT. (2021). *Омори Солонаи Чумхурии Тоҷикистон 2020* (Statistical Yearbook of the RT for 2020). Dushanbe: Agency of the Statistics under the President of the RT (TAJSTAT).
- TAJSTAT. (2022). *Омори Солонаи Чумхурии Тоҷикистон 2021* (Statistical Yearbook of the RT for 2021). Dushanbe: TAJSTAT.
- Teichmann, F., Falker, M., & Sergi, B. (2020). Corruption and the Circumvention of Financial Sanctions via the Extractive Industries in Dubai. *The Extractive Industries and Society*, 7(3):1022-1028.

- Truman, E. (2008). *A Blueprint for SWF Best Practices*. Policy Briefs, PB08-3. Washington, DC.: Peterson Institute for International Economics.
- Tsani, S. (2015). On the Relationship Between Resource Funds, Governance, and Institutions: Evidence from Quantile Regression Analysis. *Resources Policy*, 44:94-111.
- Tskhay, A. (2020). *Global Norm Compliance: A Study on the Implementation of the EITI*. Cham: Springer International Publishing.
- UNESCO. (2005). *Towards Knowledge Societies*. Paris: UNESCO Publishing.
- UN. (2018). *Handbook on Supply and Use Tables and Input-Output Tables with Extensions and Applications*. New York: United Nations (UN) Publication.
- UZSTAT. (2022). *Socio-Economic Provision of the Republic of Uzbekistan in 2021*. Tashkent: Statistics Agency under the President of the Republic of Uzbekistan (UZSTAT).
- Van Alstine, J. (2017). Critical Reflections on 15 Years of the EITI. *The Extractive Industries and Society*, 4(4):766-770.
- Van Alstine, J., & Andrews, N. (2016). Corporations, Civil Society and Disclosure: A Case Study of the EITI, in T. Van de Graaf, B. Sovacool, A. Ghosh, F. Kern & M. Klare (eds) *Palgrave Handbook of the International Political Economy of Energy*. Basingstoke: Palgrave Macmillan.
- Villar, P. (2020). The EITI and Trust in Politicians. *Resources Policy*, 68:101713.
- Villar, P. (2021). The EITI and the Technical Reforms Model: Insights from the Global Performance Assessments Literature. *The Extractive Industries and Society*, 8(4):100963.
- Villar, P., & Papyrakis, E. (2017). Evaluating the Impact of the EITI on Corruption in Zambia. *The Extractive Industries and Society*, 4(4):795-805.
- Wade, R. (1990). *Governing the Market*. Princeton NJ: Princeton University Press.
- Wang, S. (1995). The Rise of the Regions: Fiscalreform and the Decline of Central State Capacity in China, in A. Walder (ed.) *The Waning of the Communist State: Economic Origins of Political Decline in China and Hungary*. Berkeley: The University of California Press, 87-113.
- Weber, M. (1968). *Economy and Society: An Outline of Interpretive Sociology*. New York: Bedminster Press.
- Weiss, L. (1999). *The Myth of the Powerless State*. New York: Cornell University Press.
- Wilson, C., Claussen, C., & Valverde, P. (2021). Does Civil Society Matter for Natural Resource Governance? A Comparative Analysis of Multi-Stakeholder Participation and EITI Validation Outcomes. *Resources Policy*, 72:102084.

- Winanti, P., & Hanif, H. (2020). When Global Norms Meet Local Politics: Localising Transparency in Extractive Industries Governance. *Environmental Policy and Governance*, 30(5):263-275.
- Woo-Cumings, M. (1999). *The Developmental State*. New York: Cornell University Press.
- Working Plan. (2021). *Рабочий План ИПДО для 2022-2023 гг.* (Working Plan of EITI Council for 2022-2023). Dushanbe: EITI Council.
- World Bank. (2011). *Client Capacity-Building under the Tajikistan GPF Grant. Survey Report*. Dushanbe: The World Bank Residence Mission.
- World Bank. (2013). *Building on Progress to Implement the EITI Standard. EITI – Multi-Donor Trust Fund. Annual Report 2013*. Washington, DC.: World Bank.
- World Bank. (2022). *Europe and Central Asia Economic Update, Fall 2022: Social Protection for Recovery*. Washington, DC.: World Bank.
- World Economic Forum. (2019). *The Global Competitiveness Report 2019*. Geneva: World Economic Forum.
- Wright, J. (2009). How Foreign Aid Can Foster Democratization in Authoritarian Regimes. *American Journal of Political Sciences*, 53(3): 552-571.
- Yanuardi, Y., Vijge, M., & Biermann, F. (2021). Improving Governance Quality Through Global Standard Setting? Experiences from the EITI in Indonesia. *The Extractive Industries and Society*, 8(3):100905.

## Appendix

### Appendix 1. A List of the Interviewees in Tajikistan, 2016-2022

No.	Organization	Position	2016	2017	2018	2022
<b>Government Officials</b>						
1	Ministry of Finance	Deputy Minister. Chairmen of the EITI Council	✓	✓	✓	✓
2	Ministry of Finance	Head of Department of Budget policy in the Economic Area. National Coordinator of EITI	✓	✓	✓	✓
3	Ministry of Finance	Chief Specialist. Head of Department of Budget policy in the Economic Area	✓	✓	✓	✓
4	Ministry of Finance	Secretary of EITI Council (external staff)	✓	✓	✓	✓
5	Ministry of Finance	Head of Tax Policy and State Gathering Department	✓	✓	✓	✓
6	Ministry of Finance	Chief of Tax Policy Division	✓	✓	✓	✓
7	Ministry of Finance	Chief of the State Gathering Division	✓	✓	✓	✓
8	Ministry of Finance	Head of the State Budget Department	✓	✓	✓	✓
9	Ministry of Economic Development and Trade (MEDT)	Head of the Department of Industry and Infrastructure Development	✓	✓	✓	✓
10	State Committee on Investment and State Property Management	Chief Specialist of PPP and Investment Project Division	✓	✓	✓	✓
11	Ministry of Industry and New Technologies (MINT)	Head Department of the Mining and Precious Metals Division	✓	✓	✓	✓
12	Ministry of Energy and Water Resources (MEWR)	Head of the Department of Production, Processing and Transportation of Oil and Gas	✓	✓	✓	✓
13	Main Department of Geology	Specialist of the Department of Geology	✓	✓	✓	✓
<b>Extractive Companies</b>						
14	Company A	Representative	✓	✓	✓	✓
15	Company B	Representative	✓	✓	✓	✓
16	Company C	Representative	✓	✓	✓	✓
<b>International Organizations Experts</b>						
17	World Bank	Representative (EITI Project)	✓	✓	✓	✓
18	GIZ	Expert	✓	✓	✓	✓
19	GIZ	Economist	✓	✓	✓	✓
20	Open Society Institution of Soros Foundation in Tajikistan	Economist	✓	✓	✓	✓
21	Open Society Institution of Soros Foundation in Tajikistan	Director of Economics Projects	✓	✓	✓	✓

<b>NGO Experts</b>						
22	Transparency Coalition 'Transparency for Development'	Representative	✓	✓	✓	✓
23	Transparency Coalition 'Transparency for Development'	Representative	✓	✓	✓	✓
24	National Association of Small-Medium Enterprises (NASME)	Chairman	✓	✓	✓	✓
25	Consulting Group BARS	Expert	✓	✓	✓	✓

*Note:* Interviews were conducted based on the duties of each position.