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Reducing Poverty, Sustaining Growth—What Works, What Doesn’t, and Why
A Global Exchange for Scaling Up Success

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National Social Investment Fund of Tajikistan (NSIFT)

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Executive Summary

Tajikistan, the poorest of the former Soviet republics, emerged from the postwar conflict with the enormous challenge of rebuilding the country’s long neglected infrastructure and repairing its economy and system of governance. The majority of the Tajik population is extremely poor and has only limited access to basic services. In this context, effective poverty reduction strategies need to assist the poor and vulnerable by improving the coverage, access, and quality of social services, targeting assistance to the poorest groups through a series of community-based and demand-driven interventions, and enhancing institutional capacity.

The National Social Investment Fund of Tajikistan (NSIFT) was established in 1997 under the World Bank–funded pilot Poverty Alleviation Project (PPAP) to address widespread poverty by increasing the incomes of the poor on a sustainable basis. Its secondary aim is to increase the nation’s capacity to design, carry out, and evaluate community-based projects. NSIFT’s mandate is consistent with the Tajik government’s Poverty Reduction Strategy Paper (PRSP), which was approved in June 2002, and more broadly with the Millennium Development Goals (MDGs).

Program description

NSIFT microprojects are community-based activities that adhere to the core operating principles of community-driven development. These include (i) extensive work with communities before, during, and after project completion; (ii) partnerships with other relevant actors, such as local and international nongovernmental organizations (NGOs); and (iii) networking with other communities and projects for maximum information-sharing and transparency. NSIFT provides two kinds of grants—for community microprojects and for sponsored microprojects. Community microproject grants range in value from $5,000 to $150,000. The average is $30,000. A project grant typically includes a budget for civil works, provision of goods and equipment, and services and training.

The fund, initially known as the Tajikistan Social Investment Fund, entered its second phase in September 2002 under the Second Poverty Alleviation Project (SPAP), also funded by the Bank. In addition to its headquarters in Dushanbe, NSIFT has regional offices in Kulyab, Khojand, Khorog, Kurgan-Tyube, and Gharm. It has approximately 60 staff members, most of whom work in the head office.

In the five years ending in June 2002, NSIFT implemented a total of 184 microprojects reaching approximately 600,000 beneficiaries—more than twice the planned number of beneficiaries (250,000). Initially NSIFT targeted small infrastructure projects such as school and health-clinic rehabilitation, power supply, sanitation, and irrigation. More recently its mandate has broadened to include social and economic development projects. With this broadening came greater flexibility in determining project eligibility and implementation. Under the SPAP, NSIFT is beginning to work in new parts of the country, including the postconflict region of Karategin.
CASE STUDIES IN SCALING UP POVERTY REDUCTION

Valley. It is expected that 340 microprojects will be implemented under SPAP (2002–06), reaching between 400,000 and 700,000 additional beneficiaries.

Impact analysis

Complex issues of governance, corruption, and skepticism severely test the Tajik government’s ability to combat poverty. NSIFT is a particularly important vehicle for addressing the needs of the poor at the community level, but since it is implementing a large number of diverse projects, it is difficult to quantify program outcomes according to specific indicators. Assessing the impact of NSIFT microprojects on “capability poverty” (as measured by indicators of health, nutrition, and educational attainment) is more readily accomplished than is evaluating their impact on material (or income) poverty.

In 2000, NSIFT conducted a beneficiary assessment of 56 microprojects. The conclusions pointed to their strongly positive impact on local communities as measured by high community satisfaction. In addition, it was found that community cost-sharing contributions were high, ranging between 10 and 50 percent of project cost. Although data are not available on cost ratios, NSIFT may have a relatively higher cost ratio than other social funds, since it must maintain six regional offices to ensure it has access to all projects in a country with harsh climatic and geographic conditions.

While NSIFT’s work is in line with the objectives laid out in the PRSP and, more broadly, the MDGs, it is difficult to measure NSIFT’s contribution to achieving these goals. The first MDG (to eradicate extreme poverty) is in fact the general aim of all microprojects. NSIFT contributes to the third MDG (promoting gender equality and women’s empowerment) by engaging women in the community implementation phase of microprojects. NSIFT’s health projects contribute to MDGs 4 and 5 (reduction in child mortality and improved maternal health) by providing communities with increased access to health facilities. School rehabilitation, for example, will clearly help achieve the second MDG of universal primary education.

However, given the long years of neglect, the only MDG that could potentially be realized in Tajikistan by 2015 is MDG 7—to halve the number of people who lack sustainable access to drinking water. NSIFT’s contribution to this goal is clear, as 37 percent of its microprojects implemented under the PPAP involved the provision of safe drinking water to communities. All this suggests that while NSIFT was not designed specifically to meet MDG objectives, its work supports the achievement of these goals.

Lessons learned

Analysis of the microproject portfolio under PPAP indicated a tendency in NSIFT to concentrate on the infrastructure elements of the process, often to the exclusion of other important aspects. Accordingly, the SPAP, from July 2002 onwards, began implementing community and social development microprojects directed toward underserved, vulnerable groups. However, it was recognized that in order to shift NSIFT’s focus toward the social aspects of microprojects, additional training for staff was needed. In particular, more staff (including women) with
experience in community development were needed in regional offices. Some progress has been made in this area, and a grant from the British Department for International Development will address some of these concerns. Thus far new projects under SPAP have included income generation for widows and the blind, small business development, and the provision of social services for at-risk groups such as the elderly and the disabled. In addition, NSIFT is providing enhanced post-implementation support not provided by comparable organizations in Tajikistan.

Second, given NSIFT’s goal of implementing microprojects at relatively low costs and with local resources, there is a risk that some microprojects, such as rehabilitation of schools or health clinics, may not meet international norms and standards for construction. In the past, some schools have been rehabilitated using inferior materials or methods, with the result that they needed repair after only three or four years.

NSIFT recognizes that it should take a more comprehensive approach to civil works in general, particularly with respect to education and health facilities, and that coordination with the relevant ministries could improve the overall process. New methods have begun to be adopted and efforts are being made, where appropriate, to include representatives from various ministries in the implementation of certain microprojects. With this in mind, the NSIFT executive board has granted observer status to senior representatives from the ministries of education and health.

Finally, at the village level, NSIFT has faced several obstacles, including suspicion over use of funds, distrust of local authorities, lack of understanding regarding service provision by donors and NGOs, and—having become accustomed to receiving humanitarian assistance—a reluctance by many to contribute to microprojects. In order to overcome these obstacles, NSIFT recognized the need for skilled and trained community-outreach workers. Staff spends considerable time working with communities to provide information on NSIFT’s processes and methods and on training in community-development processes. NSIFT has demonstrated that with sustained application of resources, these types of microproject activities can succeed.
Program Description

Tajikistan is a land-locked country with a population of approximately six million people. The Gross National Income of the country is US$180\(^1\) per capita, making it one of the 20 poorest countries in the world. After gaining independence in 1991 Tajikistan endured a civil war and widespread civil unrest from 1992 to 1997. Economic collapse, localized natural disasters and a widespread drought in 2000-2001 that severely affected agriculture, the mainstay of the economy, have left the majority of the population extremely poor. Many households lack secure sources of food, as demonstrated by the fact that in 2002, more than one million people received emergency food aid. The Tajik education and health systems are in collapse, infrastructure (including access to water, gas and electricity) is crumbling, and there is widespread unemployment, with extremely high male labor migration to other countries in the Commonwealth of Independent States (CIS). Tajikistan has a formidable terrain, which is 93% mountainous. Some areas are unreachable by road throughout the winter months.

The National Social Investment Fund of Tajikistan (NSIFT) was established in July 1997 under the World Bank-funded Pilot Poverty Alleviation Project (PPAP). The fund, initially known as the Tajikistan Social Investment Fund (TASIF), entered its second phase in September 2002 under the Second Poverty Alleviation Project (SPAP), which also was funded by the World Bank. In addition to its headquarters in Dushanbe, NSIFT has regional offices\(^2\) in Kulyab, Khojand, Khorog, Kurgan-Tyube, and Gharm. It also has a regional office in Dushanbe, which is separate from NSIFT headquarters. NSIFT now has approximately 60 staff members, the majority of whom work in the head office and the remainder in the branch offices.

In the five years ended in June 2002, NSIFT implemented a total of 184 micro-projects reaching approximately 600,000 beneficiaries. During the earlier, PPAP phase of implementation, it targeted small infrastructure projects such as school and health clinic rehabilitation, as well as projects dealing with power supply and water concerns such as sanitation and irrigation. Since the beginning of the SPAP project, NSIFT’s mandate has been broadened to include social and economic development projects, as well as projects that target especially vulnerable groups.

NSIFT micro-projects are community-based activities that adhere to the core operating principles of community driven development, a development methodology that stresses: (i) extensive work with communities before, during and after project completion; (ii) partnerships with other relevant actors such as local and international nongovernment organizations and local authorities; (iii) networking with other communities and projects; and (iv) maximum information-sharing and transparency.

NSIFT aims to improve the quantity and quality of community-based social and economic infrastructure and services while involving beneficiaries in the design and

\(^2\) Due to varying orthographical norms for Tajik place names, the spelling of locations mentioned throughout the case study may not exactly match those on the map. For example, Khojand is spelled Khodzent on the map.
implementation of projects. To select projects, it uses a targeting methodology that includes analysis of the geographic patterns of poverty around the country, discussions with district-level stakeholders, and considerable work with local groups and beneficiaries. All categories of micro-projects are targeted to reach the poorest communities, which generally are rural. To receive funding, a community or NGO must plan and propose a micro-project based on demands from constituents, and it must clearly outline cost-sharing, a community communications strategy and sustainability plans in the project proposal.

NSIFT provides two types of grants: community micro-projects and ‘sponsored’ micro-projects:

**Community micro-projects** are awarded to communities (or to groups of communities) after submission of a successful proposal. Eligible community micro-projects include ones that create or rehabilitate social and economic infrastructure and services, as well as ones that increase the institutional capacity of communities. Eligible micro-projects should address community priority needs, promote community organization and include a contribution from the project beneficiaries (usually 10% of the total project cost). Projects should be simple enough for communities to implement and maintain, have measurable outcomes and fall within the NSIFT strategy. In addition, they should have maintenance and sustainability plans. Community micro-projects range in value from US$5,000 to US$150,000. The average project value is US$30,000. A project grant typically includes a budget for civil works, provision of goods and equipment, services and training in the final package of financed items.

**Sponsored micro-projects** are designed for especially poor and vulnerable people who may not be able to apply for NSIFT financing or implement projects without assistance. The majority of applicants for this type of financing are sponsoring organizations, primarily NGOs. Sponsored micro-projects reach out to underserved groups such as street children, people with disabilities, the elderly and other geographically disparate or socially excluded groups.

Under the SPAP (July 2002-December 2006), NSIFT aims to implement 340 micro-projects, reaching 400,000 to 700,000 beneficiaries. During this period, NSIFT will begin working in new parts of the country, including the post-conflict region of the Karategin Valley. The level of resources available is set to increase as NSIFT begins to work with new donor partners. With the introduction of sponsored micro-projects, the menu of possible projects has been expanded, and there is now much greater flexibility regarding the level of financing provided. Even applications for small grants are now welcomed, and a facility has been created to allow NSIFT to match funds raised by communities or local authorities on a 3-to-1 basis.

### Implementation Process

#### Project Rationale and Objectives

The design of both the PPAP and SPAP reflected a recognition that Tajikistan urgently needed to address poverty the country, as well as a severe lack of services and a considerable backlog of maintenance on the country's basic infrastructure. Both programs aimed was to increase the
incomes of the poor on a sustainable basis and to improve their access to essential economic and social services.

Within the PPAP, TASIF was allocated US$4.2 million for two sub-components; the development of TASIF (provision of equipment, salaries, training, technical assistance, and financing for monitoring and evaluation) and the implementation of micro-projects. During the PPAP, the number of micro-projects implemented by TASIF and the number of beneficiaries reached both exceeded original expectations. TASIF’s initial micro-project allocation was US$2.5 million, with an expected delivery of 70 micro-projects benefiting 144,000 people. However, after a reallocation of the project credit amounting to US$1.6 million, TASIF was able to finance approximately 184 projects reaching 600,000 people in 44 districts.

The SPAP built upon the PPAP experience, which had confirmed that Tajik communities were motivated to work together in the selection and implementation of micro-projects, and further, that they were willing to contribute to costs.

**Political Context**

The political context in which NSIFT has been operating has changed dramatically. The country faced extreme uncertainty and insecurity at the end of the civil war in 1997, but today it is relatively peaceful and threats to security are low. There still remain some areas of concern, though. For example, some regions, such as the Karetgin Valley and areas along the Afghan border, are still considered insecure, and foreigners are advised not to travel there unless on essential business. The civil war claimed between 60,000 and 100,000 lives, displaced as many as 500,000 people within the country and caused as many as 80,000 people to flee as refugees to neighboring countries, primarily Afghanistan. An estimated 20,000 women from Khatlon and Gharm were widowed during the fighting.

Today, the main risks to NSIFT’s successful implementation are no longer security-related, but consist of possible political pressures to misuse funds or to influence the selection of micro-projects.

**Consistency of Objectives with Poverty Reduction Strategies**

As Tajikistan emerges from the post-war emergency, its six million people face the enormous challenge of rebuilding the country’s infrastructure and repairing its economy and system of governance. In this context, effective poverty reduction strategies need to assist the poor and vulnerable by, among other things, promoting opportunities for the majority of the poor; improving the coverage, access and quality of social services; targeting assistance to the poorest groups through a series of community-based and demand-driven interventions; and enhancing institutional capacity.

The PPAP and the SPAP were developed to address these goals. The SPAP, in particular, helps poor people gain access basic infrastructure and services, and it provides them income-generating opportunities. It also expands future opportunities for the poor, and strengthens non-
government involvement in poverty reduction by building the institutional capacity of NSIFT and key partners, including intermediary organizations and beneficiary communities.

NSIFT’s mandate is consistent with the Tajik government’s Poverty Reduction Strategy Paper (PRSP), which was approved in June 2002, and more broadly with the Millennium Development Goals (MDGs). Indeed, the Executive Director of NSIFT, Sherali Zardov, says the government looks to NSIFT to help the country realize its PRSP objectives. To this end, NSIFT helps regional government bodies implement programs in accordance with the PRSP. NSIFT has regional offices throughout the country, and the government has asked it both for information regarding the level and depth of poverty in outlying areas and for support for poverty alleviation efforts in such localities, which frequently are under-served by government programs.

**Changes in Scale**

Based on the lessons learned in the PPAP, the SPAP widened the scale of outreach for the SPAP mainly through three mechanisms: (i) it revised the targeting process to ensure broader coverage of the poorest people and to include more socially-oriented projects’ (ii) it extended geographic coverage to areas where NSIFT previously had not operated; and (iii) it increased the amount of credit available to NSIFT so that more micro-projects could be undertaken.

The targeting process was revised to ensure that the definition of “community” employed in the micro-project eligibility criteria did not exclude vulnerable, non-geographically proximate groups (such as the homebound elderly, female-headed households, and others who are dispersed within a greater community). This meant that NGOs could apply for sponsored financing on behalf of groups previously unable to apply for it, many of whom may not be able to formulate proposals or implement projects themselves (such as people with disabilities, the elderly, street children, and other particularly at-risk groups). The number of such sponsored micro-projects should rise to 10% of all NSIFT projects by December 2006.

Besides introducing sponsored micro-projects, SPAP expanded the menu of allowable projects to include community social and economic development programs. To achieve this broader mandate, NSIFT was given greater flexibility to select and implement micro-projects.

**Institutions Involved**

The main institutions involved in NSIFT’s work include the Ministries of Finance, Education, Health and Labor and Social Protection. For the SPAP, as for the PPAP, NSIFT serves as the implementing agency on behalf of the Tajik government. The highest administrative authority within NSIFT is the Executive Board, whose chairman is appointed by the prime minister. In addition to the chairman, the board includes three representatives from the government and three representatives from NGOs.

When SPAP was launched, the regulations and statutes specifying the management structure of NSIFT and its board’s composition and functions were revised so that it would have a more accessible and representative board that could play a more active role in the governance of the project. The NSIFT Board plays an active role in defining policy, guiding the strategy and
Besides collaborating with central government institutions, NSIFT works closely with local government institutions (Hukumats and Jamoats) and NGOs. A good example was the undertaking of district poverty surveys in early 2003. Local NGOs contracted by NSIFT carried out these surveys in every district of Tajikistan, and local governments participated in the effort by providing background poverty information. The surveys were designed to develop district poverty profiles and determine community demand for micro-projects (including what types of micro-projects communities wanted). The results are being used to inform the process of selecting micro-project sites and types.

**Other Actors and Their Roles**

NSIFT puts considerable emphasis on working with partners, including: local NGOs and associations; local researchers and academics from the Center of Strategic Studies of the president’s office, who act as consultants for NSIFT; private contractors who have implemented many TASIF infrastructure micro-projects; local and international NGOs and bilateral donors who provide counterpart funding; and local communities (beneficiaries) and community-based organizations (such as mahalla committees and implementation agencies).

In addition to these key partners, NSIFT has begun to attract increased support from international agencies. The Department for International Development (DFID) in the United Kingdom has recently confirmed that it will provide a grant of 1.5 million British Pounds to NSIFT to fund a range of capacity-building initiatives, such as strategy development, implementation support, and policy engagement. The British grant will enable the NSIFT board and senior management to define the scope of the innovative micro-projects program better, and develop an operational strategy in accordance with the priorities of poor and vulnerable people. The grant also will fund the recruitment of additional specialists for the NSIFT staff, support the development of a monitoring and evaluation system, help strengthen NSIFT’s linkages with national and local government, and assist in development of mechanisms for wider lesson sharing.

Key NSIFT stakeholders, including a variety of institutions and civil society representatives, were involved in the midterm evaluation process for the PPAP, which formed the basis for the design of the SPAP. The design of the SPAP can be summarized as a participatory community development project in which stakeholders identify and then implement micro-projects. One of the underlying principles of the SPAP is close collaboration with local NGOs, other donors and communities.

NSIFT staff work closely with local communities to supervise all micro-projects. Where possible, the implementation agencies are responsible for contracting work and for supervising implementation. Monitoring reports are shared with the community, and micro-project financial reports are publicly posted for review by the community. At the completion of each micro-
project, NSIFT conducts an evaluation, and the NSIFT staff then continues to work with the micro-project committee to ensure the implementation of the maintenance plan and to help design possible follow-up activities.

NSIFT also works closely with the following international organizations and NGOs: UNDP, UNICEF, ORA International, Shelter for Life, Aga Khan Foundation, Save the Children (US), Save the Children (UK), German Agro Action and other micro-credit projects.

Preliminary Results

PPAP aimed to have a modest though relatively quick impact on approximately 250,000 poor people, improving the living standards and increasing their access to essential economic and social services. It was generally successful. Since its creation, NSIFT-backed micro-projects have improved living standards of the poor and improved access to economic and social services, as demonstrated by interviews carried out at the end of the PPAP. Specifically, TASIF exceeded the planned outreach goals of the PPAP, as it reached more than twice the planned number of beneficiaries through micro-project and micro-credit initiatives (600,000 beneficiaries instead of the 250,000 planned), with 184 micro-projects implemented compared to the target of just 70.

The SPAP also expands future opportunities for the poor, and strengthens non-government involvement in poverty reduction by building the institutional capacity of NSIFT and key partners.

Minor Adjustments and Fundamental Changes to Original Plan

An independent evaluation of the TASIF micro-project program in 1999 had the following main findings: (i) the micro-projects met priority needs, and there was a high level of community satisfaction with them; (ii) community participation during the implementation stage of micro-projects was strong, but participation in the other stages was highly variable and depended on the size of the community, the role of the micro-project committee and the nature of the micro-project; (iii) women tended to lack access to information about the development of the micro-projects, and their participation (except during implementation) was particularly low; (iv) the micro-projects may have contributed to a positive shift in attitudes in communities, which developed a sense of ownership of community projects; (v) even six months after project completion, most micro-project committees were still meeting regularly and were taking steps (together with their communities) to address any problems related to the micro-projects; (vi) two-thirds of the evaluated projects were fully functioning, and an additional 25 percent were partially functioning; and (vii) beneficiaries clearly believed that the micro-projects were improving their lives, both by making living conditions better and by freeing them to participate in other activities.

Based on the overall experience of the PPAP, SPAP was designed to take into account a wide range of considerations, including the following: (i) the most disadvantaged communities and most vulnerable groups of people needed special outreach because the quality of services available to them was limited; and (ii) while the social returns of micro-projects and level of
community participation and involvement had improved, further progress was needed. For example, as noted in the independent evaluation, there was still too little community participation after the implementation phase, and exclusion of women remained an issue.

To address these concerns, the SPAP envisaged several fundamental changes to the design of the PPAP, and instituted several new areas of activity – including the creation of sponsored micro-projects and expansion of the program to include many projects oriented towards social services, rather than infrastructure. Finally, through a variety of means, a greater emphasis was put on the community development aspects of the micro-project cycle to encourage sustainability.

**Impact Analysis**

**Cost Efficiency**

Financial resources for the PPAP primarily came from the World Bank and the government of Tajikistan. Although no data is available on cost ratios, NSIFT may have a relatively higher cost ratio than other social funds since it must maintain six regional offices to ensure it has access to all projects despite the country’s harsh climatic and geographic conditions. According to NSIFT’s executive director, overhead costs for the PPAP totaled approximately 30%, but are only 8-9% for SPAP. It is important to note that because of NSIFT’s reach, coverage, training, and record of success, several international and bilateral donors now consider NSIFT a viable and attractive partner, and have demonstrated an interest in partnering with, or channeling funds through NSIFT. This could eventually lead to an increase in resources, thus providing a higher rate of return on the initial investments made under the PPAP.

**Program Effectiveness**

Because NSIFT is a social investment fund working at the community level, its primary objective is not to develop or affect national policy. Instead, its effectiveness can be gauged principally at the community level. With complex issues of governance and corruption severely testing the Tajik government’s ability to combat poverty, and with local communities skeptical of the ability of local governments to alleviate poverty, NSIFT is a particularly important vehicle for addressing the needs of the poor at the community level. It is therefore notable that encouraging community investment and the participation of local people in micro-projects has been one of NSIFT’s key accomplishments. An extensive micro-project program evaluation found, for instance, that micro-projects were contributing to a positive shift in communities’ attitudes and sense of ownership of projects.

In 2000, NSIFT conducted a beneficiary assessment of 56 micro-projects. The first stage of this assessment was conducted one-to-three months after the technical hand-over of the projects, and the second stage six-to-nine months afterwards. The assessment focused on group discussions with the beneficiaries about the sustainability and impact of the micro-project on the local community. The main conclusions were that: (i) 98% of the community members felt that
the completed micro-project was a priority for them; (ii) 94% of the community members were still benefiting from the completed micro-project; (iii) 87% of the beneficiaries were familiar with the micro-project sustainability plan; and (iv) 89% of the micro-projects were functioning fully after 6-9 months. In addition, it was found that community cost-sharing contributions were high (ranging between 10% and 50% of project cost).

NSIFT works hard to ensure its effectiveness in reaching the most needy and in maximizing the cost effectiveness of individual micro-projects. In addition, it seeks to encourage other organizations to cofinance micro-projects in order to maximize outreach without decreasing the overall level of investment per community.

A number of selection criteria are designed to maximize cost effectiveness by screening out overly costly investments. These criteria are necessary because full ex-ante economic analysis of proposed micro-projects is difficult to carry out. NSIFT ranks the priority of micro-project applications according to several agreed-upon socio-economic indicators, including the number of beneficiaries and the per beneficiary investment cost. The selection of micro-projects mainly relies on demand from villages and communities, which are normally required to contribute 10% of the cost. In addition, site surveys and technical and environmental reviews of proposed projects (including criteria for technical, social, economic and financial aspects) are also applied for each project to assess overall economic viability. Cost-benefit analysis for sponsored micro-projects components has shown that costs are comparable with similar publicly and NGO-financed programs.

Benchmarks of cost-effectiveness that can be monitored have been developed and installed in the NSIFT Management Information System (MIS). In addition, to ensure cost effectiveness for individual micro-projects, a unit cost database has been established to assess various norms and standards, including cost per labor day of employment, cost per beneficiary and possible rates of return for different types of micro-projects (such as water supply and school rehabilitation projects). While monitoring and the use of a MIS help assess cost effectiveness, continual beneficiary impact assessments throughout the life of micro-projects measure project impact on communities, and provide information regarding who is benefiting from projects (in terms of gender, age, socioeconomic group and vulnerability status).

NSIFT’s effectiveness also can be seen in efforts to increase cooperation between NSIFT and other projects, especially in the areas of health and education. As one of the largest providers of community development projects in Tajikistan, NSIFT can play a key networking role between sectors, sharing lessons learned and best practice, as well as addressing policy issues.

**Final Program Outcomes**

Since NSIFT is implementing a very large number of diverse projects, it is understandably difficult to quantify program outcomes according to specific indicators. It is easier to assess the impact that NSIFT micro-projects has had on “capability poverty” (as measured by indicators of health, nutrition and educational attainment) than to comment on the impact of micro-projects on material (or income) poverty.
NSIFT micro-projects contributed to reducing capability poverty during the PPAP in the following areas: community health; improved access to safe drinking water, which leads to improved health; installation of water pipelines to improve water supply, which decreases the workload of women (who usually fetch water); repair and installation of sewage facilities, which improves sanitation and reduces incidence of water-borne disease, and the rehabilitation of educational facilities, which increases attendance at schools. The beneficiary assessment and micro-project evaluation both suggest that program outcomes to-date have been high; micro-projects have met priority community needs, as demonstrated by the high level of community satisfaction with them and the fact that beneficiaries clearly believe that micro-projects have benefited their lives. (Table two shows the percentage breakdown of projects by type for the PPAP.)

Table 1: Breakdown of PPAP Micro-Projects By Type

<table>
<thead>
<tr>
<th>NSIFT Micro-Project Implementation by Sector Under the PPAP*</th>
<th>Percentage of Micro-Projects</th>
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<tbody>
<tr>
<td>Community Health</td>
<td>13%</td>
</tr>
<tr>
<td>Rehabilitation of Educational Facilities</td>
<td>8%</td>
</tr>
<tr>
<td>Ecology/ Environment</td>
<td>9%</td>
</tr>
<tr>
<td>Provision of Safe Drinking Water Supply</td>
<td>37%</td>
</tr>
<tr>
<td>Water Pipeline and Sewage System Installation or Repair</td>
<td>5%</td>
</tr>
<tr>
<td>Electricity (Provision of Access to Electricity)</td>
<td>10%</td>
</tr>
<tr>
<td>Gas (Provision of Access to Gas)</td>
<td>6%</td>
</tr>
<tr>
<td>Road Building or Repair (Including Bridges)</td>
<td>8%</td>
</tr>
<tr>
<td>Other</td>
<td>2%</td>
</tr>
<tr>
<td>Total</td>
<td>100%</td>
</tr>
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*Data from NSIFT PPAP Micro-Project Sector Type Summary

While NSIFT’s work is in line with the objectives laid out in the PRSP and, more broadly speaking, is also in line with the Millennium Development Goals (MDGs), it is difficult to measure its contribution toward achieving these goals because they are broad objectives.\(^3\) However, certain types of NSIFT micro-projects clearly support specific MDGs. School rehabilitation, for instance, is a necessary step to achieving the second Millennium Development Goal (universal primary education) after years of under-investment have left most schools in extremely bad condition, with classroom temperatures dropping to 0\(^\circ\) Celsius during the winter months due to a lack of glass in windows and functional heating systems. The fact all micro-

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\(^3\) The MDGs, which aim to halve the number of people living in poverty by 2015, are as follows; (1) Eradicate extreme poverty and hunger, (2) Achieve universal primary education, (3) Promote Gender Equality and Empower Women, (4) Reduce Child Mortality, (5) Improve Maternal Health, (6) Combat HIV/AIDS, malaria, and other diseases, (7) Ensure environmental sustainability and (8) Develop a global partnership for development.
projects have aimed to achieve poverty reduction in the areas where they have been implemented is in line with the first Millennium Development Goal (to eradicate extreme poverty). NSIFT is also contributing to the third MDG (promoting gender equality and women’s empowerment) by engaging women in the community implementation phase of micro-projects. NSIFT’s health projects contribute to MDGs 4 and 5 (reduction in child mortality and improved maternal health) by providing communities with increased access to health facilities.

The only MDG that analysts assume might actually be realized in Tajikistan by 2015 is MDG 7 (to halve the amount of people who lack sustainable access to drinking water). NSIFT’s contribution to this goal is clearer than any of the other MDGs, as 37% of all NSIFT micro-projects implemented under the PPAP involved the provision of safe drinking water supplies to communities. All this suggests that while NSIFT was not designed specifically to meet MDG objectives, its work supports achievement of these goals.

**Driving Factors**

**Commitment and Political Economy for Change**

The government of Tajikistan has made a fundamental commitment to undertake poverty-reduction measures, including introducing appropriate policy reforms, as demonstrated by its commitment to NSIFT and the approval in June 2002 of its Poverty Reduction Strategy Paper (PRSP).

The PPAP was prepared in response to the government's urgent request for poverty alleviation assistance for its poorest citizens. The government also requested the SPAP, which facilitates the ongoing work of NSIFT and includes an agreement by the government to provide adequate counterpart funding for NSIFT’s activities. Although NSIFT’s work does not focus on policy change, it hopes that its increased interaction with the various line ministries, as well as study tours that it organizes for key officials, will lead to a change in mentality and an increased commitment to poverty reduction.

**Institutional Innovation**

TASIF experienced a wide range of management and institutional difficulties during implementation of the PPAP, including issues related to procurement and financial management, human resources and the organizational framework. A shortage of counterpart funding from the government exacerbated the situation. Although staff and institutional capacity increased by the end of the project, some weaknesses persisted, particularly in the areas of financial management and procurement. Ultimately, renewed commitments by the bank and the government, as well as a new program of very close monitoring and supervision, alleviated the tensions.

A key challenge for the SPAP is to build the institutional capacity of NSIFT, and thus avoid the problems experienced during the first project so that NSIFT can make a lasting contribution to poverty alleviation, both through successful implementation of micro-projects
Several measures instituted at the beginning of the SPAP seek to ensure that the project achieves its social development outcomes. The organizational restructuring created a more accessible, participatory, and representative Executive Board that could play a more active role in the governance of the program. In addition, the roles and responsibilities of the regional offices were reviewed and strengthened. Within the micro-project cycle, NSIFT staff (or an appointed NGO) provide training and technical assistance to communities, NGOs and groups unable to prepare and implement micro-project proposals by themselves. Staff also help implementing agencies by providing training on business management, financial management and accounting and reporting techniques. Finally, increased emphasis is now placed on public awareness and outreach activities to encourage community participation in micro-projects.

**Learning and Experimentation**

Analysis of the micro-project portfolio under PPAP indicated a tendency in NSIFT to concentrate on the infrastructure elements of the process, often to the exclusion of other important aspects. It was recognized that in order to help NSIFT focus more on the social aspects of micro-projects, NSIFT needed to provide additional training for staff in Dushanbe and in the regions, and further, that more staff (including women) with experience in community development had to be employed in regional offices. Progress has been made in this area, but much still remains to be accomplished. The United Kingdom’s DFID Grant will address some of these concerns.

Given NSIFT’s goal of implementing micro-projects at relatively low costs while using local means and resources, there is a risk that some micro-projects, particularly those related to education and health (for example, rehabilitation of schools or health clinics), may not meet international norms and standards for construction. In the past, some schools have been rehabilitated using inferior materials or methods, with the result that they needed repair after only three or four years. NSIFT recognizes that it should take a more comprehensive approach to civil works in general, particularly for education and health facilities, and that coordination with the relevant ministries could improve the overall process. New methods have begun to be adopted, and efforts are being made, where appropriate, to include representatives from other ministries in the implementation of certain types of micro-projects. With this in mind, the NSIFT Executive Board has granted observer status to senior representatives from the ministries of education and health.

**External Catalysts**

The most obvious catalysts triggering change in support of reforms are donor agencies, multilateral organizations and international NGOs that have committed increasing resources to the country in the past several years. But internal reforms and changes at the national government level are difficult, slow, and very modest. One result is that an increasing number of donors are looking to operate at the community level (using a variation of the NSIFT model), where many find it easier to achieve measurable impact.
Geopolitical influences also have played a significant role in development in Tajikistan. The war in Afghanistan led to increased disruption in the southern part of the country, and large areas of the south were unsafe for development work until recently. At the same time, ironically, the war brought financial resources into the country. Meanwhile drug traffickers funneling illegal cargo through Tajikistan bring many associated problems.

A sizeable number of Tajiks seasonally migrate to Russia, sending back remittances that provide a significant monetary contribution to the economy. The population displacement caused by this migration affects a broad range of communities across the country. Unfortunately, a growing number of these migrants have been found to carry HIV/AIDS, which is a concern just beginning to be addressed by the health community.

**Lessons Learned**

At the village level, NSIFT has faced several obstacles, some of which are a heritage from the old Soviet system. These include: (i) suspicion regarding the use of funds, leading to distrust of local authorities, (ii) concerns about possible unfair distribution of humanitarian aid, stemming from deep skepticism of commitments made by the government, (iii) a lack of understanding regarding service provision, donors or NGOs; and (iv) reluctance by many communities that were accustomed to receiving humanitarian assistance for free to contribute to micro-projects either in cash, labor or in-kind donations. In order to overcome these problems, NSIFT recognized that it needed skilled and trained community outreach workers to work with communities, spending significant amounts of time providing information on NSIFT’s processes and methods and on training in community development processes. NSIFT has demonstrated, that with sustained application of resources, these types of micro-project activities can succeed.

The high degree of contact that is needed can only be provided by trained staff in the local region. Given the challenging geographic and climatic conditions in Tajikistan, which render several areas of the country inaccessible throughout the winter months and much of the country difficult to reach year round, NSIFT had to establish regional offices and a larger staff than many other social investment funds in the region.

NSIFT’s experience also shows that, in an extremely poor country like Tajikistan, infrastructure projects alone are insufficient to address all of the needs of the population. That is why beginning of the SPAP in July 2002, NSIFT has begun implementing community and social development micro-projects, including sponsored, innovative micro-projects for underserved, vulnerable groups. Projects to-date under the SPAP involve income generation for widows and the blind, small business development, the provision of social services for at-risk groups (such as the elderly and the disabled) and a rehabilitation center for street people. In addition, NSIFT is providing enhanced post-implementation support that is not provided by many comparable organizations in Tajikistan or the region.

NSIFT also is in the process of finalizing a phased micro-project model that will provide multi-tranche funding tied to performance criteria. In order to receive second and third funding
tranches, communities would have to demonstrate a willingness and ability to take the initiative and an ability to achieve sustainability. Flexibility in micro-project design and implementation, and a willingness to change and adapt, are essential to operate successfully in a difficult and high risk environment.

In summary, NSIFT has been able to establish a national community development network by setting up regional offices and carrying out district poverty profiles for each of the 68 districts of Tajikistan. NSIFT has a planned investment strategy, which draws upon the organization’s experience to date, and which targets the most vulnerable parts of the Tajik population. Using international procurement procedures and least-cost solutions, NSIFT has achieved a high rate of cost and program effectiveness, as demonstrated by the high level of beneficiary satisfaction with the micro-projects program. Despite institutional difficulties within the organization during the PPAP phase, NSIFT emerged from the PPAP with a stronger commitment to transparent management and a clearer management structure, including greater cooperation with key government line ministries.

In short, NSIFT is now well-placed to act as a implementing partner for bilateral and multilateral donors seeking to work with the poorest communities in Tajikistan – a fact that has been demonstrated by the interest many organizations have shown in its operations.
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