I. Introduction and Context

Country Context

The Tajik economy continues to grow steadily, with real GDP growth of 7.4% in 2011. As in previous years, exogenous factors drove much of this growth. Tajikistan thus remains highly vulnerable to exogenous, adverse political and economic events including the continued effects of the global financial and economic crisis. The growth in 2011 was largely driven by increased remittances, a good cotton harvest in response to high world cotton prices and increased export earnings from aluminum in response to high world aluminum prices. All of these trends are vulnerable to the current economic downturn in euro-zone countries and weak economic recovery in the USA. Tajikistan’s high dependence on imported fuel and cereal exacerbates this underlying vulnerability, particularly given the prospect of high future prices for these commodities and the continued depreciation of its currency.

Despite an improved fiscal position in 2011 Government’s capacity to respond to adverse events remains limited, both in absolute terms and relative to the needs of the 45% of Tajikistan’s population who live below the poverty line. This combination of poverty and vulnerability, at both
macro and household level, continues to justify active support from the donor community for measures to achieve sustainable improvements in food security.

**Sectoral and Institutional Context**

The agricultural sector is a major component of the Tajik economy with 21% of GDP and 64% of employment. Most of Tajikistan’s poor (77%) also live in rural areas. Their poverty is rooted in a limited area of arable land (0.1 ha/capita), the low productivity of this land, and a history of policies and institutions that have stifled incentives. Recent reform of these policies has resulted in widespread land privatization, liberalization of the markets for raw and processed cotton and a consequent improvement in farmer incentives to raise productivity. But the ability to respond to these incentives is increasingly constrained by poor irrigation. The infrastructure for irrigation has deteriorated significantly due to lack of public funds for repairs and maintenance. The policies and institutions for water resource management are in the process of being reformed, with support from the Bank and other donors, with the overall goal of more sustainable and efficient use of water in the country. However, the large legacy of deteriorated infrastructure remains to be addressed.

Irrigation is mainly delivered through an extensive network that consists of 6,000 main canals, 26,000 km of on-farm canals and 11,500 km of drainage channels. Approximately half of the irrigated land depends on pumping systems, with lifts ranging from 10 m to 200 m. About 70% of the country's vertical drainage wells are out of order. An estimated 20% of irrigated land suffers from water shortages caused by poor maintenance. Almost 40,000 ha of arable land are severely or moderately salinized and more than 40,000 ha are waterlogged.

The social protection system in rural areas also remains rather weak. A major part of “economically inactive population” consists of those who failed to find a job with a wage level sufficient to satisfy the minimum needs of a family. Moreover, as a result of poorly developed agricultural infrastructure and an outdated legal base, many of the employment relationships in rural areas remain informal and thus ineffective.

The World Bank/EU’s recent emergency food security project has shown that public works programs are a cost-effective way to both renovate the irrigation infrastructure of high potential agricultural areas and provide temporary employment to food insecure households. It is estimated that irrigated production generates three times more employment than rainfed agriculture. In addition, incomes from irrigated agriculture are well above the agricultural average, indicating the poverty reducing impact of irrigation.

FAO (2001), defines food security as — a situation that exists when all people, at all times, have physical, social and economic access to sufficient, safe and nutritious food that meets their dietary needs and food preferences for an active and healthy life”. The definition of food security is built on four pillars: availability, accessibility, stability and utilization. The proposed project aims to enhance food security in the Khatlon region where rural poverty and food insecurity rates are the highest by contributing to improving the availability and accessibility of food through employment generation under a public works program, increased crop production resulting from improved irrigation and drainage infrastructure, improved water resource management systems and support for the public and private institutions responsible for water resource management. Farmers will then be better able to respond to the improved incentives created by policy reform; domestic food production and food availability will increase; food access will improve in response to higher rural incomes; and the current high dependence on cereal imports will decline.
The repeater project responds to the high priority accorded to improved food security and the reform of water resource management in Government's recently completed agriculture sector strategy, and has strong support from government. The proposed project is based on grant proposal submitted by the Government of Tajikistan for funding under the GAFSP. The proposal was approved by the Steering Committee of the GAFSP and awarded a grant amount of US$ 27.9 million to be administered by the World Bank. Additional US$ 18.0 million were allocated to the project from IDA resources. This is a much needed boost to funding for irrigation and water resource management, which has received minimal new funding from donors in the last 5 years. The Bank will thus become the leading donor for irrigation and water resource management, building on its experience with support for policy reform, water user associations and the renovation of irrigation infrastructure in previous projects in Khatlon and Sugd regions.

Relationship to CAS
These imperatives are fully consistent with the two main objectives of the Country Partnership Strategy of 2010-2013 to: (i) reduce the negative impact of the (global financial and economic) crisis on poverty and vulnerability; and (ii) to pave the way for post-crisis recovery and sustained development. Measures to “boost agricultural productivity” are among the “key initiatives” identified to achieve these objectives.

The overall strategic framework is provided by the National Development Strategy (NDS) issued in 2007 and covering the 10-year period: 2006-15. NDS contains three key objectives: (i) promotion of sustainable economic growth; (ii) improvement of public administration; and (iii) development of human potential. The key issues identified for the agriculture are (i) a lack of food security, particularly in rural areas, (ii) inadequate healthy nutrition for the population, and (iii) a deteriorated irrigation systems.

The medium-term program of the current Poverty Reduction Strategy 3 also aims at implementing the NDS vision with the objective of enhanced food security and recognizes the agricultural sector as one of the key sectors of the country's economy.

II. Proposed Development Objective(s)

Proposed Development Objective(s) (From PCN)
The project development objectives are to (i) provide income transfers to food insecure people through the rehabilitation of irrigation and drainage infrastructure, (ii) increase crop production in response to improved irrigation and drainage infrastructure, and (iii) support the development of improved policies and institutions for water resource management, as a means to improve food availability and food access for low-income people in poor rural areas supported by the project.

Key Results (From PCN)
The proposed project would aim to achieve the following preliminary key results:

(i) Temporary employment creation of 880,000 man.days and value of wages generated;  
(ii) Increase in new area with access to and area with improved irrigation and drainage services;  
(iii) A 15% increase in crop production on 75,000 ha of (improved) irrigated arable land;  
(iv) Number of operational WUAs established and strengthened;  
(v) Preparation of an agreed by the MIWRM national IWRM strategy.

III. Preliminary Description
**Concept Description**

The repeater project will scale up a $10.1 million emergency food security project (Public Employment for Sustainable Agriculture and Water Management) financed by the European Union and implemented by the World Bank during 2010-2011. A public works program to renovate drainage and irrigation infrastructure was the major focus of this project, providing temporary employment to food insecure households in the short-term and increased crop production in the medium-term. Some 402,000 man.days of work were created, which provided around 10,600 beneficiaries with an average income of 1176 TJS/person (approx. $250). The infrastructure renovated included 1820 km of irrigation canals, 317 km of collector and drainage canals and the installation of 305 water outlet gates. Approximately 43,300 households benefited from the combined impact of income transfers and improved access to irrigation over 44,300 ha. The project also contributed to the reform of water resource management policies, and the introduction of river basin management as the basis for sustainable management of Tajikistan’s water resources. It was implemented in 5 districts of Khatlon, the poorest region of Tajikistan. The Khatlon region has been selected as the project area for two major reasons. First, evidence from surveys consistently show that this is the poorest and most food insecure region in Tajikistan. Second, the region has a high agricultural potential that remains unrealized due in part to the deteriorating irrigation infrastructure.

The proposed financing will address Khatlon’s pressing needs for rural employment and rehabilitation of its irrigation systems. According to a joint assessment of food security in Tajikistan carried out by WFP, WHO and DFID (2009), approximately 1.4 million people in Khatlon were identified as food insecure with 390,000 of them considered to be “severely” food insecure. Consequently, the IDA and GAFSP financing would enable irrigation improvements to be extended to 12 additional districts of Khatlon. In addition to the long-term benefits provided by the project on irrigation, temporary employment will be provided to around 30%-40% poor rural households in the area. The repeater project has the same general design as the original project.

**Component I: Public Works and Rehabilitation of Irrigation and Drainage Infrastructure (total Bank funding of USD 34.7 million, from USD 22.2 million GAFSP funds and USD 12.5 million IDA funds).**

Sub-component Ia: Income Transfers to Food Insecure Households through Public Works (GAFSP contribution of USD 8.05 million and IDA contribution USD 2.01 million). Food insecure people from the project districts will be employed for manual cleaning of secondary and tertiary irrigation canals. Expenditure will include payments to beneficiaries, employer contributions to beneficiary social security taxes, social mobilization and labor force administration costs, and the procurement of low-cost tools for manual labor.

Sub-component Ib: Mechanized and Other Works (GAFSP contribution of USD 11.15 million and IDA contribution USD 10.15 million). In addition to manual works, rehabilitation will require: the rental and purchase of machinery (excavators, bulldozers and closed drain flushing equipment), the purchase and installation of irrigation gates, irrigation canal and structure repair works, pipeline network repairs and strategic pump station and vertical drainage well repairs.

Sub-component Ic: Flood Channel Emergency Works (GAFSP contribution of USD 3.00 million and IDA contribution USD 0.33 million). The project will finance the emergency restoration of a
flood channel that traverses and protects the city of Kulyab.

Component II: Technical Assistance to Support Policy and Institutional Reform for Water Resource Management (total Bank funding of USD 8.06 million, of which USD 3.2 million GAFSP funds and USD 4.86 million IDA funds). This component will finance technical assistance to the MAWRM/MIWR and other relevant institutions to support the reform of water resource management. Sub-components comprise:

Sub-component Iia: National-level Policy, Legislative and Institutional Formulation (GAFSP contribution of USD 0.73 million and IDA contribution USD 1.6 million). The project will assist the GoT to (i) further develop the legal basis for integrated water resource management and water sector reform, (ii) transform the MAWRM into a Ministry for Integrated Water Resources (MIWR), (iii) prepare a National IWRM strategy to identify priorities for improving water resource management in Tajikistan, and (iv) establish a Water Resources Information Center.

Sub-component Iib: River Basin Planning (GAFSP contribution of USD 0.5 million and IDA contribution USD 0.57 million). The project will assist the GoT to implement river basin management in the Kafernigan river basin.

Sub-component Iic: Develop and Strengthen Irrigation and Drainage Institutions (GAFSP contribution of USD 1.97 million and IDA contribution USD 2.69 million). The project will assist the GoT to (i) build independent, financially autonomous irrigation and drainage service providers responsible for the management of off-farm hydraulic assets and for water delivery to water user associations; (ii) support the transformation of existing region and district level institutions into the new institutional framework; and (iii) establish and strengthen water user associations.

Component III: Project Implementation. (Total Bank funding of USD 2.02 million, of which USD 1.38 million GAFSP funds and USD 0.64 million IDA funds). A project management unit (PMU) to be managed under the World Bank financed Ferghana Valley Water Resource Management project will be the main implementation agency. It will be responsible for: implementation and coordination, financial management and procurement, communication and awareness programs, environmental management and safeguards, and monitoring and evaluation.

IV. Safeguard Policies that might apply

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<td>Environmental Assessment OP/BP 4.01</td>
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V. **Tentative financing**

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