1. Key development issues and rationale for Bank involvement

The Ferghana Valley (FV), an important region of Central Asia, has a total population of about 11 million people, of whom 70% live in rural areas, spread among Uzbekistan, Kyrgyz Republic and Tajikistan. It has the most fertile soils and highest population density of any region in Tajikistan. The FV is rich in water resources, including groundwater resources. The Syr Darya is the main source of water supply in FV. After the collapse of the Soviet Union, the irrigation and drainage systems have fallen into disrepair, leading to unreliable supply of irrigation water, drainage and water-logging problems, reduced soil fertility and crop yields and reduction in irrigated area.

Also, poor land and water management in Ferghana Valley has contributed to broader river basin management problems, exacerbating tensions between the upstream and downstream countries, caused by conflicts between the requirements of upstream countries for release of water for energy in the winter, and the needs of downstream countries for summer irrigation. It also has caused drainage, salinity and water logging problems and unreliable water delivery both within the valley and downstream. The Kayrakum dam, in Tajikistan, on the Syr Darya River is the main source of water for FV. However, it is in an unsatisfactory state and does not comply with required safety standards particularly, the dikes along the left bank of the reservoir that have deteriorated and are unsafe. Also, the reservoir operation is not optimal and causes spills and floods downstream of the reservoir.

In Tajikistan, the Ferghana Valley covers about 700,000 ha of which about 200,000 ha are suitable for irrigation while the actual irrigated area in 2002 amounted to only 134,000 ha, due to deteriorating irrigation infrastructure and to weak water management. This has affected the livelihood of about 2.0 million people living there of whom about 70% live in the rural areas, and caused reduction in agricultural income and increased poverty incidence.

Tajikistan’s CAS, was approved by the Bank’s Board on February 27, 2003. Its primary objectives are to (a) address the most critical social needs of the poor through greater community involvement; (b) generate growth through private sector development; and (c) continue building the institutions needed for a market economy. The proposed project would be instrumental in promoting all three objectives of the CAS by introducing a community development approach, particularly water users associations (WUAs). The project would also contribute to growth through increased productivity in the agriculture sector and finally building sustainable institutions for improving operation and maintenance of the irrigation systems. The project is included in all lending scenarios, low case, base case as well as in high case.
2. Proposed objective(s)

In order to address the above main sector issues, the project’s main objectives are: (a) to increase productivity of irrigated agriculture and income of about 250,000 people in FV by improving land and water management, and (b) to improve regulation and dam safety of the Kayrakum reservoir contributing to enhanced efficiency of water management at the basin level.

3. Preliminary description

The project component, as envisaged at this stage, would focus at improving and rehabilitating the critical and essential irrigation and drainage infrastructures in about 30,000 ha in Tajikistan’s FV, improving water resources management and improved regional cooperation in water resources and increased agriculture productivity. The main components would be as follows:

Component 1. Rehabilitation of Irrigation and Drainage Systems, and Groundwater Development (Base cost US$15.0 million)

The rehabilitation works would include reconstruction of off-farm and on-farm irrigation and drainage systems over an area of about 30,000 ha mostly located on the left bank of the Kayrakum reservoir benefiting about 250,000 people. The investment would also include works to ensure reliable water supplies including groundwater development.

Component 2. Community Development and Support (Base cost US$2.5 million)

The component would include development of community based WUAs for operation and maintenance (O&M) and water management, and promotion of improved irrigation and agricultural practices. Necessary technical assistance would be provided for development of WUAs, training and equipment.

Component 3. Improving the Operation of Kayrakum Dam (Base Cost US$1.5 million)

The dam’s operation would be improved through re-regulation, minor structural works and improvement in dam safety.

Component 4. Agricultural Development Support (Base cost US$0.5 million)

The activities would include: training communities and WUA on improved water management, extension and agricultural information services; and demonstration of improved and modern technologies to increase production and improve water use.

Component 5. Project Management, Technical Assistance and Training (Base cost US$1.5 million)

This component would support the Government in implementing the project. It would include: support for the operation of the Project Management Unit (PMU), a modest institutional strengthening program including training and study tours.

4. Safeguard policies that might apply

The following five Safeguard Policies are likely to apply: (i) Environmental Assessment (OP 4.01); (ii) Involuntary Resettlement (OP 4.12); (iii) Safety of Dams (OP 4.37); (iv) Cultural Property (OP 4.11); and (v) Projects on International Waterways (OP 7.50).

An environmental assessment will be conducted during project preparation, which will confirm the applicability of these and other safeguard policies. A PHRD grant has been received for project preparation activities and will include preparation of the EA and SA. Preparatory studies will be carried out to assess whether the project activities (as a result of the establishment of bore-wells and the changing land-use of grazing and agricultural lands) will trigger the involuntary resettlement policy or will involve land acquisition.
A dam safety assessment has been carried out during Phase I of the Aral Sea Program. The issues identified in that assessment will be evaluated and the project would include measures to address those safety issues.

Although no impacts on cultural property are expected, the possibility of chance finds during construction cannot be ruled out. Necessary mechanisms, such as provision on the EMP and civil works contracts will be put in place to deal with this possibility. The project involves an international river – Syr Darya. However, since the investments expected under the project are strictly rehabilitation of existing schemes, they will not change the volume of extraction of water or volume of discharge. The team will consult with Legal to see whether a waiver to notification is appropriate.

5. Tentative financing

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<td>BILATERAL AGENCIES (UNIDENTIFIED)</td>
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<td><strong>Total</strong></td>
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</tbody>
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6. Contact point

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