World Bank
Europe and Central Asia
Agriculture and Rural Development Program Snapshot

January 2012
Agriculture in ECA

Agriculture and the rural sector in general, is a major determinant of livelihoods in Europe and Central Asia (ECA). Most of the ECA population resides in rural areas. In Central Asia/Caucasus, most of the poor are in rural areas, where agriculture employs half of the population. The sector also remains an important socio-economic buffer against the adverse impacts of economic shocks.

**Agriculture in ECA is structurally and socially diverse.** In Central Asia, basic productivity and livelihood challenges dominate, whereas in Europe, rural development, competitiveness, and EU integration aspects drive the agriculture and rural development agenda.

ECA agriculture has a significant untapped potential. It has the potential to double its production of foodgrains and animal products, and thus contribute to national and global food security. It serves as a foundation for rural income generation and thus also contributes to fostering increased social stability, by reducing rural-urban income inequalities and job creation especially in times of crisis.

But key reforms and investments are still needed, including: (i) policy reforms to reorient the roles of the government and private sector, including limiting government interventions (e.g. export bans; mandatory cotton production) or better incentives for public services to facilitate intergenerational asset transfer to young farmers and early retirement programs; (ii) institutional capacity building and development and regulatory reforms (e.g., land markets, water management, risk management, finance); (iii) linking smaller farmers to markets; (iv) improving environmental sustainability; and (v) supporting the exit from agriculture through rural infrastructure development, rural education, and non-agricultural business development in rural areas.

**Global challenges – the food and energy crisis, the (re)emergence of animal diseases, the financial crisis and climate change** – significantly affect the ECA region and pose both opportunities and challenges for the agriculture and the rural sector. Projected global growth in food demand and anticipated greater volatility in weather, input and output prices drive the need for a renewed focus on raising agricultural productivity and competitiveness, while ensuring sustainable land and water resource management and expanded use of agricultural risk management instruments.

**Strategic Areas for Engagement in ARD**

**Promoting agricultural productivity and competitiveness, inclusion and climate resiliency are essential.** We understand that each country faces specific circumstances, so ECA’s Agriculture and Rural Development (ARD) strategy is customized to fit their individual needs. To achieve these goals, the Bank’s support focuses on:

**Reorienting policies and institutions for adequate regional and international integration:** Whether with a view to move towards a market economy or to join the European Union, policy and institutional reforms have to be undertaken to improve the incentive environment to foster on-farm investments to increase agricultural productivity and to improve the functioning of domestic agricultural input and output markets.

**Building technical expertise and management capacity:** With land becoming a limiting constraint, agriculture, by necessity, is increasingly knowledge intensive. Agricultural information and knowledge systems, including advisory services and adaptive agricultural research, require more public attention and a thorough overhaul.

**Facilitating access to land and financial resources:** Improving the functioning of land markets and tenure security through more conducive land policies and effective land administration systems will promote investment and access to credit.

**Strengthening water resource management:** In many countries, especially South East Europe and Central Asia increasing agricultural productivity would depend significantly on access to reliable irrigation, drainage and flood protection services. These require not only investments to rehabilitate and modernize systems, but also policy and institutional reforms to ensure sustainability.

**Promoting infrastructure development and logistical efficiency:** There is a need for logistical capacities and efficiency to catch up to the increased demand of the market. They constitute a critical bottleneck to maximizing the untapped potential for agricultural production and exports.

In implementing this strategy, we provide knowledge services (sector studies and technical assistance) and investment support financed by IDA grants/credits and IBRD loans.
We are also strengthening our partnerships with other donors, who are collaborating with us in analytical work or providing grant financing or co-financing of projects (EU, Russia, DFID, SIDA, Swiss, Global Food Crisis Response Program). A new and expanding activity is fee-based technical assistance (Russia and EU new member countries).

Agribusiness Development, Agricultural Services and Rural Finance

Improving agricultural productivity and competitiveness, especially in the South Caucasus and Central Asian countries, requires a multi-pronged approach to address constraints across the value chain from the farm to the market. The potential for land expansion in now limited, and thus future growth would be largely dependent on productivity increases. Achieving productivity growth requires expanding farmer access to modern technologies and knowledge, for which a better functioning agricultural research, extension and input supply system would be essential, and an enabling environment to encourage on-farm investments, particularly more secure property rights and access to capital. At the same time, input and output marketing, including agro-processing, remain under-developed and offer additional opportunities for value addition, employment, and rural income generation.

Activities The World Bank supports agricultural competitiveness projects in Armenia, Azerbaijan, Georgia, Moldova, Kazakhstan, Kyrgyz Republic, Tajikistan, and Uzbekistan. While the activities covered vary by country, these operations usually include support for public and private partnerships in animal health and extension services, and technical assistance and lines of credit to foster the development of small and medium rural enterprises (e.g. agro-processing, domestic and export marketing, input supply and machinery services). The lines of credit aim to support long-term investments in productive assets in agriculture by injecting long-term capital into the banking and microfinance sectors, and capacity building for the introduction of new financial products, such as value chain financing and trade financing. Increasing climate variability is exposing farmers to greater production risks. In several countries, the Bank is supporting risk management pilots, such as weather alerts via cell phones and internet (Azerbaijan, Kyrgyz Republic and Uzbekistan) and analytical work to examine options for economically viable crop insurance programs (Kazakhstan).

Key Results These projects have been instrumental in raising crop yields of beneficiary farmers as well as increasing the number and expanding the volume of sales of beneficiary enterprises. For example, under the Agribusiness and Marketing project in the Kyrgyz Republic, some 44 agro-processing enterprises were assisted with improvements in technological processes, marketing and sales, food safety and quality management, accounting and financial management. Some 68 new products were introduced in the client enterprises, with their profits increasing by 25% to 91%, and sales increasing by 15% to 169%. In addition, more than 100 trade deals were facilitated under the project, resulting in sales of almost 42,000 tons of agricultural products with total value of US$ 14.7 million, of which 92% went to export markets.

Capacity Building Support for EU Integration for new Member States and Pre-Accession Countries

EU integration exposes the acceding countries to great market and income opportunities. The ARD sector alone captures 40% of the EU funds, delivered through the most important pan-European policy, the Common Agricultural Policy. To capture these benefits, the EU members and candidates must adhere to strict institutional and market requirements.

The Bank has positioned itself as a strategic partner in these countries’ European integration paths, while also developing a closer regional partnership with the EU itself. In ARD, the Bank brings its unique expertise to work on capacity questions (e.g. institutions and policy design), and provides support for critical investments not covered by the EU. All these foster increased absorption of EU funds and help better capture the EU market benefits.
Activities The Bank has a strong engagement with the new EU members and pre-accession countries, which includes financial and analytical support for:

- **Institution building**, which includes establishing paying agencies for EU ARD funds, agriculture information systems, food safety systems, policy programming and monitoring and evaluation systems in Macedonia, Montenegro, Bosnia and Herzegovina;
- **Public goods and services** highly relevant for the client countries but not funded through EU policies, such as land registration and consolidation, farm advisory services, and farmers’ pensions, in Romania, Bulgaria, Kosovo, and Macedonia;
- **Analytical and advisory services** for a successful approximation or implementation of the European Common Agricultural Policy (CAP), in Macedonia, Croatia, Bulgaria and Romania, and
- **Sector investments**, in the form of grant schemes that emulate the future EU support mechanisms in Bosnia and Herzegovina, Macedonia, Kosovo, Montenegro, Turkey and Moldova.

Innovative lines of cooperation have also emerged with EU members. The Bank will be providing programmatic fee-based services to Romania and Bulgaria in areas including strategy development and the reorientation of the ARD administration to more efficiently use its EU funds and serve the rural beneficiaries.

Key results In the pre-accession countries, the Bank has supported the initial institutional building that made them eligible for pre-accession ARD funds, e.g. EC-approved paying agency in Macedonia, farm registry in Bosnia and Herzegovina, land parcel identification system in Turkey. In the new member states, the Bank has helped increase the absorption capacity of EU funds and obtain the EC approval to start disbursing EU funds (EUR 8.5 billion in Romania, through a TA to revise the National Rural Development Program 2007-13). Bank-modeled farm income and fiscal implications of CAP adoption were successfully factored into the post-accession policy decisions in Romania and Bulgaria. The functional review of the Romanian ARD administration, conducted by the Bank, has leveraged US$ 4.5 million of EU-funded technical assistance for its subsequent operationalization.

Livestock, Animal Health and the One Health Agenda

The proportion of rangeland and pastures throughout ECA makes livestock an important contributor to rural livelihoods and the national economy and an important consideration in climate change mitigation (greenhouse gases) and adaptation (pasture management/carbon sequestration). Demand for animal based foods is growing globally. However, animal diseases in ECA remain a major constraint to regional trade, compromising production and public health, affecting food security and the rural and national economy. In ECA, the prevalence of zoonotic diseases that occur at the animal-human-environmental interface is amongst the highest in the world and is a significant public health concern.

Activities The Bank is supporting projects which include a cross-section of Community Driven Development (CDD) pasture management (Kyrgyz Republic, Armenia), and land use management (Kazakhstan and Azerbaijan). These often incorporate animal health programs to strengthen National Veterinary Services and expand private veterinary services. The region responded to the avian influenza crisis with 13 projects under the Global Program for Avian Influenza (GPAI), including Albania, Armenia, Azerbaijan, Bosnia-and-Herzegovina, Georgia,
Kosovo, Kyrgyz Republic, Moldova, Romania, Tajikistan, Turkey, Turkmenistan and Uzbekistan. ECA has been recognized for supporting the One Health agenda through: (i) broadening the scope of the Avian Influenza projects to address a wider range of zoonotic diseases, (ii) preparation of tools for gap analysis of national level multi-sectoral One Health systems, and (iii) assessment of the economic impact of zoonotic diseases. The regional effort in livestock production has been closely coordinated with other donors including the World Animal Health Organization (OIE), FAO, IFAD, SDC, USAID, WHO and others.

**Key results** Systemic reforms in National Veterinary Services and inter-ministerial cooperation (i.e One Health) under the Avian Influenza projects have improved the national capacity to address other important disease risks and outbreaks (H1N1, brucellosis, anthrax, tuberculosis, African swine fever and rabies) and raised the One Health profile to support the demand for related projects such as the Central Asia One Health Project and the Turkey IDF grant for One Health Capacity Building.

**Water Resource Management, Irrigation, Drainage**

Improved water resource management, irrigation and drainage are vital to sustaining agricultural productivity growth and competitiveness in ECA. In 2009, it is estimated that the value of agricultural output from about 20 million hectares of irrigated agriculture amounted to $37 billion. Fostering the efficient performance of irrigation, drainage, and flood control systems and dam safety is essential for sustaining agricultural and rural growth in many ECA countries, especially in Central Asia and the Caucasus. To achieve this goal; there is an urgent need to strengthen the policy-making and asset management capacities for water resources, irrigation and drainage management to avert the continued deterioration of the infrastructure, which has resulted in low performance of irrigation systems, problems with drainage leading to increased water logging and salinity, and lack of proper maintenance for flood control works and dams. River basin management also poses increasing trans-boundary challenges since the breakup of the Soviet Union and Yugoslavia.

**Activities** Bank operations covering irrigation and drainage aim to foster the more efficient use of water (more crop per drop), the sustainable management of irrigation and drainage systems including through greater cost recovery and involvement of farmer’s Water Users Associations in systems management, and strengthening of public capacity for water resources and river basin management. These come hand in hand with investments in system rehabilitation and modernization. Currently, the Bank is supporting the rehabilitation and modernization of irrigation and drainage systems in Albania, Bosnia and Herzegovina, Armenia, Azerbaijan, Romania, Serbia, Kazakhstan, Kyrgyz Republic, Tajikistan and Uzbekistan. In the West Balkans and Poland, the Bank is also supporting flood protection interventions.

**Food Security**

World food prices rose dramatically in 2007/2008 and again in 2010, creating a global crisis and contributed to political and economic instability and social unrest in many poor and developed nations. In response to the severity of the food crisis and the need for prompt action, the World Bank Group set up the Global Food Crisis Response Program (GFRP) in May 2008 to provide immediate relief to countries hard hit by high food prices. In addition, the impact of the subsequent energy and financial crisis further strained household incomes. The impact of high food prices have been felt more significantly in some countries where food represents a substantial part of the household consumption basket, including Armenia, Moldova, the Kyrgyz Republic and Tajikistan. On the other hand, grain exporters, including Ukraine, Kazakhstan and Russia, have benefited substantially from higher commodity prices.

**Activities** The Bank assisted vulnerable ECA countries (Armenia, Moldova, Kyrgyz Republic and Tajikistan) during the food/fuel/financial crisis through several emergency operations to address short term needs (safety net support, seed and fertilizer distribution). At the same time, our agriculture sector projects as noted above, continue to focus on promoting longer term sustainable productivity growth and increased resilience to weather variability through improved access to irrigation, which in turn would contribute to greater national food availability and supply stability. Notably, these operations have benefitted from support from the
Global Food Crisis Response Program (GFRP) and the Russia Food Crisis Response Trust Fund (Kyrgyz Republic, Tajikistan). The GFRP also provided support to Moldova for analytical and advisory work to support the Government’s efforts to formulate and reform food security related policies. The Russian Federation, in addition to the establishment of the Russia Trust Fund, has been increasing its response to global food security concerns through multilateral channels, including financing the establishment of a new Eurasian Center for Food Security (ECFS). The ECFS will provide research and advisory services on food security matters to beneficiaries in the Eurasian region and is expected to evolve into an internationally recognized agricultural research center of excellence. The World Bank through a TA service (FBS) agreement is assisting the Russian government with the establishment of the ECFS.

**Key Results** Limited access to quality seeds and fertilizer remains a well recognized constraint to food security in the Kyrgyz Republic and Tajikistan. The GFRP financing was provided for both countries to develop the Community Seed Fund (CSF) program. This has proven to be a sustainable institutional arrangement to ensure community driven access to quality seeds for farmers. The CSF experience demonstrated the value of good seed and inputs and provided a sustainable, self-help approach for farmers to access seeds and fertilizer, even if they do not have access to cash. Most of the established CSFs have maintained or increased the value of their funds, and most have now replenished the initial seed provided with new seed and/or have swapped seed for other species or inputs.

### Climate Change and Agriculture, Mitigation and Adaptation Options

ECA, as a result of climate change, is already facing the challenge of changes in temperature, precipitation levels and increased frequency of extreme events (for example, droughts, heat waves, floods, forest fires). The agricultural sector is one of the most affected and it is placing a significant strain on rural households, food supply and rural growth. This risk is further exacerbated by the relatively low productivity associated with a lack of capacity to adapt to the present climate in many ECA countries, resulting in an adaptation deficit. In addition, even for farmers in countries that have the potential to benefit from climate change in the future (Kazakhstan, Russia, Ukraine), many are poorly positioned to take full advantage of such opportunities, unless investments and policy changes are implemented. At the same time, ECA’s agricultural sector can also contribute significantly to climate change mitigation through improved crop and livestock management to reduce greenhouse gas emissions and better land and forest management for enhanced carbon sequestration.

**Activities** The regional flagship report “Adapting to Climate Change in Eastern Europe and Central Asia”, covering Albania, Macedonia, Moldova and Uzbekistan, undertook rigorous empirical work analyzing the potential impacts of climate change on ECA agriculture, and developed a menu of practical adaptation responses that our clients could use to increase resilience in this highly vulnerable sector. A follow-up study focused on the South Caucasus (Armenia, Georgia, Azerbaijan) is on-going with the objectives of identifying the exposure and vulnerability of the agricultural sector to climate change, analyzing the potential impacts, and linking these impacts to pragmatic adaptation and mitigation responses. The findings of these AAA are now being mainstreamed into agriculture (Azerbaijan, Moldova, Tajikistan, Uzbekistan) and irrigation (Albania, Armenia, Bosnia and Herzegovina, Kazakhstan) operations.

**Key results** Results of the first study show that the risks of climate change can be effectively dealt with and the opportunities can effectively be utilized once the exposure, vulnerability and impacts of climate change are explored in detail. Key results that have emerged from assessing the exposure, vulnerability and impact on the agricultural sector in these four countries are the following: (a) temperature will increase and precipitation will become more variable across the four countries as a result of climate change; (b) the direct temperature and precipitation effect of future climate change on most crops is likely to reduce yields, with more severe implications resulting from water availability; (c) declining precipitation and increased irrigation water demands will mean that climate change will require better management of water resources; (d) the direct effects of climate change on the livestock sector, could be substantial; (e) national-level awareness raising, adaptation and capacity building is a high priority and; (f) measures at the agro-ecological zones and farm-level remain high priority for reconciling the adaptation deficit experienced by farmers.

In addition, the Program has raised awareness, provided multiple opportunities for client engagement, built consensus and created collaborative engagements between the various stakeholders on key issues related to climate change and agriculture. It has been catalytic in raising the profile of agriculture and climate change by creating high-level engagement by line ministries.
COMMUNITY AGRICULTURAL RESOURCE MANAGEMENT AND COMPETITIVENESS PROJECT

Project P120028

Approved: March 22, 2011
Effective: July 25, 2011
Closing: September 30, 2016

Financing in million US Dollars:

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*As of November 14, 2011

Challenge

The livestock sector in Armenia faces serious challenges such as unsustainable pasture management and underutilization, persistent livestock diseases, processing and marketing constraints, and reduced productivity. This project builds on World Bank experience and successes in agriculture, rural development, pastures and livestock management, and participatory community development to help Armenia address these urgent challenges and provide investment support.

Project Objective

The project development objective is to improve productivity and sustainability of pasture/livestock livelihood systems in selected communities. This would be evidenced by: (i) increased livestock productivity as measured by milk productivity and increase in daily animal weight gain; (ii) increased efficiency of communal pasture management, as measured by increased communal budgetary revenues from lease of pastures; (iii) increased farm sales from livestock; and (iv) increased Pasture Management Effectiveness.

Key Achieved and Expected Results

- Supporting services for farmers involved in livestock production are being improved, and as a result livestock productivity measured by milk productivity and by growth rates of animals is expected to increase.
- Efficient and sustainable community-managed pasture/fodder-based livestock production systems are being introduced in selected mountainous communities through establishing 30 farmers associations and leasing pastures and grasslands.
- Eight pasture/livestock management plans are developed, and preparation of 22 is underway; and community funds for the implementation of these plans are being established.
- Community animal health services are improved and disease control strategies are being implemented.

How did the project contribute to the CPS outcome indicators

The FY09-12 Country Partnership Strategy (CPS) acknowledges the importance of agriculture and rural development, which is linked with two main CPS pillars: protecting vulnerable populations and strengthening competitiveness for post-crisis growth. The project will accomplish this by targeting vulnerable people in mountainous areas while strengthening livestock sector competitiveness to meet growing demand on the domestic market.

Key Partners

The Bank works closely with the Ministry of Agriculture, Ministry of Territorial Administration, Regional Governors, as well as Village Mayors and farmer groups.

Donor coordination, if any

The Project is coordinated and implemented in close collaboration with a similar project – Rural Areas Development (RADP) financed by IFAD. The analytical work for the preparation of the Project served as the main basis for developing the Millennium Challenge Corporation (MCC) Program’s Water-to-Market Component.
IRRIGATION REHABILITATION EMERGENCY PROJECT

Project PI16681

Approved: July 28, 2009
Effective: October 6, 2009
Closing: December 31, 2011

Financing in million US Dollars:

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Total Project Cost 36.33

*As of November 14, 2011

Project Objective

The project is aimed at improving water use efficiency in two selected irrigation schemes while fostering immediate rural employment. These objectives can be achieved by rehabilitating 83.81 km of two main irrigation canals (Armavir - 24.80 km and Talin - 59.01 km) to reduce water losses and, at the same time, by providing limited assistance to strengthen the institutions managing the irrigation infrastructure.

Key Achieved and Expected Results:

✓ 82.4 km of all identified sections of the Armavir and Talin main canals plus additional 7 km of the Armavir canal have been rehabilitated. As a result, water losses between primary intake and secondary structure interface are reduced on average by about 15-16 percent (from about 22.5 percent to some 6-7 percent).

✓ In total, the project rehabilitation activities generated 11,379 man-months of temporary jobs during the project implementation period instead of expected 9,000. The value of wages generated by this temporary employment is estimated to be in the range of US$5.4 million as compared to the expected US$4.5 million.

✓ About 2,400 agricultural jobs are estimated to be created in two years after the project completion when higher-value crops will replace low-value crops. About 1,000 of these jobs were created during 2010 agricultural season.

✓ It is estimated that the area returned to irrigation as a result of project interventions may reach about 8,000 ha.

How did the project contribute to the CPS outcome indicators

The project outcomes are directly linked to the CPS outcomes: “Area returned to irrigation increases as a result of rehabilitation” and “Rural output and employment are supported”. The CPS also states that: “There is a need to complete priority irrigation works to minimize water losses and strengthen the capacity of less experienced Water Users Associations (WUAs).”

Donor coordination, if any

The World Bank team had developed a long-standing partnership with the Millennium Challenge Corporation (MCC), since the Bank assisted MCC’s efforts to enter the Irrigation and Drainage (I&D) sector by providing plans, analyses, and other documents that had been developed under an earlier irrigation project. But due to increase of costs of construction materials and labor, MCC could not finance the rehabilitation of all systems for which it had prepared the technical designs, and re-scoped its program in November 2008. In close discussion among MCC, the Government and the Bank, two schemes - Talin and Armavir primary canals - were identified, and MCC shared the technical designs with the Bank, which formed the basis for the project.
ADDITIONAL FINANCING OF IRRIGATION REHABILITATION EMERGENCY PROJECT

Project PI26509

Approved: October 25, 2011
Effective: January 30, 2012
Closing: June 30, 2013

Financing in million US Dollars:

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*As of November 14, 2011

Project Objective

The project is aimed at improving water use efficiency in the selected irrigation schemes while fostering immediate rural employment. These objectives can be achieved by rehabilitating around 50 km of main and secondary canal sections and another 63 km of tertiary networks to reduce water losses and, at the same time, by providing limited assistance to strengthen the institutions managing the irrigation infrastructure.

Key Achieved and Expected Results:

✓ 50 km of all identified sections of the selected main and secondary canals in Aragastotn, Kotayk, Shirak, Lori, Ararat, and Armavir regions Armavir canal to be rehabilitated. As a result, water losses between primary intake and on-farm system will be reduced by 34.4 million cubic meters improving irrigation on about 52,000 hectares (ha).

✓ 63 km of tertiary networks in 19 communities of Lori, Shirak, Gegharkunik, and Armavir regions to be rehabilitated. As a result, water losses will be reduced by 9.9 million cubic meters improving the existing irrigation water services on over 2,500 ha.

✓ In total, the project rehabilitation activities will generate 7,000 man-month temporary jobs. The value of wages generated by this temporary employment is estimated to be in the range of US$3.7 million.

✓ About 2,100 agricultural jobs are estimated to be created in two years after project completion when higher-value crops replace low-value crops.

✓ It is estimated that the total area returned to irrigation as a result of project interventions may reach about 6,500 ha.

How did the project contribute to the CPS outcome indicators

The project outcomes are directly linked to the CPS outcomes: “Area returned to irrigation increases as a result of rehabilitation” and “Rural output and employment are supported”. The CPS also states that: “There is a need to complete priority irrigation works to minimize water losses and strengthen the capacity of less experienced Water Users Associations (WUAs).”

Donor coordination, if any

The World Bank team had developed a long-standing partnership with the Millennium Challenge Corporation (MCC), since the Bank assisted MCC’s efforts to enter the Irrigation and Drainage (I&D) sector by providing plans, analyses and other documents that had been developed under an earlier irrigation project. But due to increase of costs of construction materials and labor, MCC could not finance the rehabilitation of all systems for which it had prepared the technical designs, and re-scoped its program in November 2008. MCC shared the technical designs with the Bank, which formed the basis for the project.
AGRICULTURAL DEVELOPMENT AND CREDIT-II

Project PL20028

Key Facts:
Approved: July 27, 2006
Effective: December 29, 2006
Closing: February, 2012

Financing from all co-financiers, million US Dollars:

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World Bank Disbursements, million US Dollars:*

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* as of November 1, 2011

Note: Disbursements may differ from financing due to exchange rate fluctuations at the time of disbursement.

The objective of the ADCP program is to return Azerbaijan’s farming areas to the former level of productivity under a new system characterized by private family and group farms operating in private markets. The program was designed in three phases.

The Project Objective is to further increase rural productivity and incomes by enhancing the access of farmers and small and medium enterprises to rural business and agricultural support services including financial, advisory, and veterinary services and by stimulating market oriented investments in rural areas.

The Project builds on ADCP-I’s achievements by: (i) strengthening the credit union system established under ADCP-I and stimulating commercial financial services suited for agricultural businesses; (ii) expanding the outreach of the rural advisory services established under ADCP-I; (iii) developing private veterinary services and modernizing and streamlining the State Veterinary Services; (iv) improving access to adapted technologies; and (v) assisting producers and processors in marketing and improving product quality.

Results achieved:
The mid-term impact assessment indicates that the Project is on track to achieve its development objectives. In particular:

- Net income of participating farmers increased by 30 percent from agricultural activities and by 39 percent from all activities (i.e. inc. non-agricultural).
- Farm information and advisory system covering the whole country has been established. Beneficiaries have been adopting many of the recommendations from advisory services and demonstrate improved management and increased production.
- Investments expanded in rural areas with some 48,000 small loans in the total amount of AZN 66 million issued. This is a significant outreach as it engaged economically active people previously excluded from the formal banking sector.
- Some 116 investment loans in the amount of 17 million USD have been issued to medium agribusiness.
- Proven feasibility of private veterinary services established under the Project. Livestock owners are generally satisfied with the quality of services and the number of clients is increasing steadily. Brucellosis control program has been successfully piloted.
- 74 grants for introducing and transferring improved technologies have been awarded. Grant recipients are carrying out the technology transfer activities satisfactorily.
- The Project should now focus on sustainability of the information and advisory system established under the Project. The system should be integrated into the structure of the Ministry of Agriculture and funded through part of the state budget allocation.

Key Partners: Ministry of Agriculture, State Agency of Agricultural Credits, State Veterinary Services, Azerbaijan Credit Union Association
Background: The agricultural sector is a key component of Azerbaijan’s non-oil economy with potential for competing on the internal and external markets. While the agricultural sector accounts for only 6 percent of GDP, it provides income and employment for about 40 percent of the country’s workforce. In addition, the sector is seen as a priority by the Government of Azerbaijan in the context of food security and has been growing at an average annual rate of 6 percent the past few years. The combination of favourable natural conditions, combined with an established base for exports, creates opportunities in the sector for growth, private sector investments, and trade opportunities. However, a number of bottlenecks need to be resolved in order to benefit from these opportunities. One of the most pressing constraints lies in the irrigation sub-sector. This includes an ongoing but incomplete irrigation reform agenda, exacerbated by a deteriorated irrigation and drainage (I&D) infrastructure, in particular on-farm I&D infrastructure. The core irrigation reform under way consists of irrigation management transfer of on-farm I&D systems to water users to enable technical and financial viability of the systems. The Amelioration and Irrigation Joint Stock Company (AIOJSC) with World Bank financing successfully implemented the Irrigation Distribution System Improvement and Modernization Project (IDSMIP), which piloted an approach for capacity building of water users associations (WUAs) to take over the management on the on-farm I&D infrastructure. The project is not effective yet and aims to achieve the following results:

- Increase in agricultural productivity (15%) in at least 80% of rehabilitated WUAs on 64,000 ha.
- Collection rates of rehabilitated WUAs meet 80% of the on-farm system operation and maintenance needs.
- Water distribution within 80% of the rehabilitated systems closely matches the crops’ irrigation water norms.
STRENGTHENING INSTITUTIONAL CAPACITY FOR MONITORING AND EVALUATION OF AGRICULTURAL POLICY INSTRUMENTS

Project PI20720 (IDF)

Approved: December 17, 2010
Effective: September 22, 2011
Closing: September 22, 2014

Financing in million US Dollars:

<table>
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<tr>
<th>Financier</th>
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*As of November 2, 2011

Challenge

Low competitiveness of domestic production and low efficiency and profitability of some economic activities as well as insufficient innovation and investments are some of the key constraints to Belarus' development. For the agriculture sector, as elsewhere, this is largely caused by distortions created by sectoral policies and the related state support system that create inefficiencies in resource allocations. The government's new development program for 2011-2015 therefore correctly focuses on productivity and efficiency increases through a reform of the sector's management structures and incentives systems that imply a major policy shift. These commendable efforts will require the formulation of reform options for the related policy framework. However, without the capacity to undertake relevant policy impact analyses that find broad acceptance within the country, the Government is not prepared to undertake serious reform steps. The Government of Belarus (GoB) now wishes to provide support to the agricultural sector in a manner that ensures efficiency and profitability by moving to performance-based allocation mechanisms. Against this background, the GoB has requested the World Bank's assistance in the design and implementation of the GoB's envisioned "Institutional Development Program for Enhanced Monitoring and Evaluation of Agricultural Sector Policy Instruments".

Project Objective

The project development objective is to strengthen the Government of Belarus' (GoB) capacity to monitor, design, and implement policies and reform programs in the agricultural sector with the aim to enhance the quality, acceptability, and sustainability of domestic agricultural policy. The Institute of System Research in Agriculture (ISRA) under the National Academy of Sciences of Belarus, traditionally the predominant source of agricultural policy analysis for the GoB and the primary beneficiary of this project, will use the IDF grant to enhance its analytical capacity to analyze current policies, to assess the impact of policy changes, and to communicate these results to policy makers and other stakeholders.

Key Achieved and Expected Results:

✓ The strengths and weaknesses of current M&E capacities in Belarus are identified; international best practice and lessons-learnt are available; and a plan for the institutional development of the agricultural policy M&E system of Belarus is available.
✓ The agricultural policy M&E unit in ISRA and staff of related institutions have received training on cutting-edge analytical methods.
✓ Policy-makers in Belarus and other stakeholder in agriculture are aware of the strengthened capacity of the agricultural policy M&E unit at ISRA, and ISRA's role in the policy making process in Belarus is enhanced.

How does the project contribute to the CPS outcome indicators

Improved understanding of the socio-economic impact of policy reforms in the agricultural sector is a precondition for the Government to identify and discuss future options for reform. Following the Bank's policy note on agricultural productivity and competitiveness, which laid the analytical base for future dialogue and assistance, this grant is further building the basis for urgently needed future policy reforms to increase the efficiency of the use of state resources.

Key Partners

ISRA is the primary beneficiary for the capacity-building activities that are carried out in close collaboration with the National Academy of Sciences and the Ministry of Agriculture.
AGRICULTURE AND RURAL DEVELOPMENT PROJECT  
Project P101213

Key Dates:
Approved: June 19, 2007
Effective: February 26, 2008
Closing: June 30, 2012

Financing in million US Dollars:*

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World Bank Disbursements, million US Dollars*:  

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<td>IDA Credit</td>
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<td>12.61</td>
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*Source Client Connection as of January 27, 2012.
Note: Disbursements may differ from financing due to exchange rate fluctuations.

The agriculture sector is a small but important part of the Bosnia and Herzegovina (BH) economy. Agriculture’s share in BH’s economy decreased from 15.1 percent in 1999 to 9.8 percent in 2007, while the services and industry sectors now take up 63.9 percent and 26.2 percent of the economy, respectively. Institutional constraints prevent BH’s agro-food sector from reaching its full potential. BH’s agriculture comparative advantages, especially for niche products, lie on closeness to EU, moderate continental climate, fairly rich and cultivable soils, clean and abundant natural water resources, natural upland pastures, and good availability of labor. There is a long tradition of small-scale farming and organic production. Despite access to the EU market through preferential trade agreements, BH is benefiting from it in full due to the absence of EU-compliant food safety institutions and an EU-compliant regulatory framework.

The Project Development Objective is to assist BH to strengthen the capacity of its State-level and Entity-level institutions to deliver more efficient and effective agricultural services and support programs as well as to make a substantial contribution to acceleration of BH’s eligibility to access support under the European Union Instrument for Pre-Accession Assistance for Rural Development (IPARD).

Project restructuring is being undertaken primarily in response to: (i) changes in the country priorities in the pre-European Union (EU)-accession context; (ii) implementation issues identified as part of the Bank’s implementation support activities; and (iii) damage rehabilitation needs pertaining to rural infrastructure and assets following the severe floods that hit the country during the 2010/11 winter season. The restructuring will allow selected project activities to be completed, while scaling down activities that are either no longer relevant or non-performing. The project development objectives will remain unchanged.

Results achieved: To date substantial efforts have been made in strengthening the State level agencies for veterinary services, plant health and phytosanitary services, and food safety. In parallel inspection services have been strengthened and information systems are under development for deployment of an eventual Agricultural Information System. Substantial progress has been made with the implementation of a farm and client register, and a livestock and identification and registration system. Reference laboratories have been identified and are rehabilitated for the handling of plant material and food safety, and several pests are being regularly surveyed as a regular program in approximating EU requirements.

Key Partners: The Bank team is working closely with the Ministry of Foreign Trade and Economic Relations, Ministry of Agriculture, Water Management and Forestry in the Federation, Ministry of Agriculture, Forestry and Water Resources in Republika Srpska, Food Safety of BH, Plant Health Administration, and State Veterinary Office of BH.

Key Development Partner: SIDA, EC, USAID.
Agriculture accounts for 6 percent of Kazakhstan’s GDP and employs 22 percent of the country’s economically active population. Principal products include wheat, cotton, meat, poultry and milk. Although agricultural output contracted sharply during the transition, it has been steadily recovering since 1998. During 1998–2003, total agricultural output increased at an average real annual rate of 8.2 percent, with agricultural production growing by an annual average of 10.5 percent and agro-processing growing by an annual average of 5.1 percent. Most of this growth was due to crop production increase (+19.5 percent) while livestock grew in real terms by 3.4 percent. Despite the recovery of agricultural production, its share in the economy shrank because of strong growth in other sectors, particularly in the extractive petroleum industry. The Government is encouraging diversification of the country’s economy to reduce its dependence on oil, whose price volatility and resulting fluctuations in revenues make budget management challenging. Agricultural development is an important element of its strategy.

The Project Development Objective is to increase the competitiveness of the agricultural sector by facilitating access to markets and knowledge by: (i) improving the quality and safety of agricultural products, access to information and market efficiency; and (ii) increasing the quality, quantity, and relevance of public and private investments in applied agricultural research and extension and knowledge transfer.

The Project raises sector competitiveness by (1) financing innovation and applied research in agriculture through a competitive grant program; (2) financing purchase of equipment and modernization of laboratories; (3) organizing training in marketing, extension, and other key agricultural areas.

Key Achieved and Expected Results:
1. Value of agricultural exports, including livestock products, rises. Total agricultural export for 2010 was US$ 1,670 million compared to US$ 1,100 million in 2005.
2. Almost 2,000 farmers participating in the project saw their incomes rise.
3. 600 grants have been awarded to farmers throughout Kazakhstan, which facilitated the adoption of new technologies in crop production (notably zero tillage and other methods of conservation agriculture) and livestock (new methods of diagnosis of epizootic diseases), and helped to develop a private extension system in agriculture.
4. Seven technical regulations, each consisting of a number of individual standards, have been harmonized.
5. 60 laboratories have been equipped with advanced equipment.
6. A number of training programs for farmers have been delivered, several thousand farmers received training.
7. 7 Technology Transfer Centers established under the extension system are fully functional.

A key achievement of the project is the successful US$ 24 million Competitive Grant Program that allows financing of applied research in agriculture and extension services. As construction of the National Reference Laboratory under the project was postponed, US$9.3 million of the loan funds have been cancelled, following the Government’s request.

Key Partners: Ministry of Agriculture of the Republic of Kazakhstan, Department of External Relations
**AGRICULTURAL POST-PRIVATIZATION ASSISTANCE PROJECT II**

*Project P058015*

**Key Dates:**
- **Approved:** December 13, 2004
- **Effective:** February 28, 2006
- **Closing:** December 31, 2011

**Financing in million US Dollars:**

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* After two cancellations, the total loan is US$6.85 million.

**Updated on November 17, 2011**

*Note: Disbursements may differ from financing due to exchange rate fluctuations at the time of disbursement.*

In 2003, the first phase of Agriculture Post-Privatisation Assistance Project (APPAP-I) was completed, which boosted commercialization of rural enterprises and improved their profitability through the support of agriculture borrowing schemes and strengthening the institutional framework of rural advisory services. APPAP-II is building on APPAP-I achievements by: (a) building capacity for viable rural businesses through strengthening and expanding the rural advisory services program; (b) supporting agricultural risk management and marketing effectiveness initiatives; (c) facilitating the development and implementation of new financial instruments by commercial banks and leasing companies for deepening rural financial outreach; and (d) supporting sustainable rural micro-finance schemes for providing financial services to the poorest that are currently excluded from the formal banking sector.

The **Project Development Objective** is to enhance the access to commercial financial services by farmers and small-medium size rural enterprises.

**Key Achieved and Expected Results:**

1. About 800 credit officers from 34 commercial banks and leasing companies were trained in the Investment Lending in Agriculture and introduced to innovative lending products through the Structured Finance in Agriculture training.
2. About 80 sub-loans, totaling US$16 million (incl. the Government and commercial bank’s contribution) have been successfully provided under the project’s credit line to farmers and rural entrepreneurs.
3. About 300 specialists from microcredit organizations were extensively trained on management of microfinance institutions, new rural financial products, and borrowing from commercial sources.
4. 600 financial consultants were trained throughout the country and are providing services to farmers on business planning, taxation, and legal issues and financial products.
5. An extensive study on Kazakhstan’s crop insurance system has been completed at the Government’s request, providing recommendations for improvements to the existing crop insurance system and reviewing feasibility of other, complementary crop insurance products, including that for small farmers.

The project had a difficult start-up period, and demand for the credit facility provided by the project fluctuated through the life-time of the project. The disbursements started improving in 2009, when the demand for loans grew; however, the project was not able to accept several interested banks as they did not meet eligibility criteria. Still, the project successfully completed the technical assistance program and made some progress in helping farmers and rural entrepreneurs to access loans. The Government of Kazakhstan asked for a partial cancellation of the loan twice, first in the amount of US$19.59 million (in October 2010) and then in the amount of US$8.47 million (in September 2011). Both partial cancellations have been processed.

**Key Partners:** Ministry of Agriculture of the Republic of Kazakhstan, Department of External Relations
The Project Development Objective is to increase and enhance the business activities of agribusinesses and to contribute to the Kyrgyz Republic’s growth. The Project has two main components:

1) The Market Development Component implemented by the Agribusiness Competitiveness Center (ABCC) is designed to streamline commodity supply chains, through interventions in both private and public sectors. The critical factors here are capacity building and establishing a framework for effective interaction among economic agents.

2) The Access to Credit Component implemented by the Credit Line Management Unit (CLMU) is designed to address key constraints associated with access to capital by enterprises in the agricultural and food sector of the economy. The Project works directly with private enterprises and commercial organizations to improve the competitiveness of Kyrgyz products. It also engages policymakers in identifying and addressing the critical policy and regulatory constraints for the development of the agribusiness sector in the country.

Results achieved:
The project’s overall progress towards achieving its development objectives is rated Moderately Satisfactory due to protracted delays in implementation of certain activities, in particular, the cooperatives support program with matching investment grant element, and completion of the public sector investment program. However, some of the notable achievements include:

1) Agribusiness Competitiveness Center (ABCC) continues to provide high quality TA to the agribusiness sector. Twenty five companies have graduated from the TA program, while 19 are still receiving support.

2) The Market Development Service (MDS) continues to successfully facilitate trading and promotion of Kyrgyz agricultural products both domestically and abroad. To date, the MDS has assisted with 1,685 client contacts and facilitated sales amounting to US$14.7 million, of which 92 percent has gone to export markets, such as Kazakhstan, Russia, Bulgaria, and Turkey.

3) Work on development of selected value chains (beans and potatoes) has been progressing. The ABCC has selected six groups (totaling 87 members) to work on potato value chain (domestic supply of table potato) and three groups (42 members) on beans value chain (export of beans to Bulgaria). A Value Chain Development Manual has been developed, translated into Russian and published, to be used by the VCD practitioners in the country.

4) Under the Public Sector Infrastructure subcomponent, establishment of the Food Technology Training Center at the Kyrgyz State Technical University (KSTU) is expected to be one of the major contributions of the ABMP to development of the agrifood processing industry in the country. The work is on-going and supported by an international TA provider and ENILIA, a food technology training center from France.

5) Under the Credit Line, 93 sub-loans have been financed under the project directly from the Credit Line and from the refloows in the total amount of US$5.95 million equivalent, with total investments of US$10 million mobilized into the agribusiness sector. Extensive training program in Investment lending in agriculture, structured finance in agriculture and environmental management training has been delivered.

Key Partners: Ministry of Finance, Ministry of Economic Regulation, and Ministry of Agriculture.
Key Development Partners: The Government of Japan (co-financing through a PHRD grant).
**Key Dates:**
- **Approved:** April 29, 2008
- **Effective:** August 22, 2008
- **Closing:** June 30, 2013

**Financing from all co-financiers, million US Dollars:**

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**World Bank Disbursements, million US Dollars**:

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*Source Client Connection as of November 15, 2011.

*Note: Disbursements may differ from financing due to exchange rate fluctuations at the time of disbursement.*

**Background:** The livestock sector generates about 40 percent of agricultural GDP. Farmers have increasingly invested in livestock, which they view as an import source of cash and an important safety net, that can be sold during hard times. However, livestock productivity is far below its potential because of degraded pastures, poor winter feeding, and insufficient animal health care. Management of pastures was, until recently, fragmented between different levels of local government and failed to take account of the carry capacity of pastures. Veterinary services have been monopolized by an ineffective state veterinary service with few incentives for private vets to operate. The Government has taken steps to address these issues. In December 2008, it passed a radical new Pasture Law which delegates responsibility for pasture management to community-based Pasture Management Committees in each Ail Okrug. The Government is also committed to implementing the Strategic Plan for Development of the State Veterinary Department, developed with EC support and to developing properly regulated private veterinary services.

**The Project Development Objective** is to improve the institutional and infrastructure environment for farmers and herders, with a strong emphasis on the livestock sector. More specifically, the project will increase farmers’ productivity, particularly of livestock farmers in the project areas and reduce animal diseases that have a public health impact.

**Results achieved:**
- Pasture boundary demarcation methodology prepared and nationwide implementation ongoing.
- Pasture Management Committees established in 449 Ail Okmotu. Training and guidelines provided on the pasture law, management of a headdress based system, and community pasture management planning.
- 300 bridges, 180 pasture tracks, 130 watering points rehabilitated providing access to an additional 50,000 ha of pasture.
- Ongoing alignment of land administration and budgetary law with the new Pasture Law.
- Pilot brucellosis control program implemented in Naryn Oblast where human infection rates have halved. The program is currently being expanded nationwide.
- Disease control strategies including brucellosis, anthrax, rabies, PPR, FMD, echinococcosis, tuberculosis prepared.
- 122 private veterinarians established and trained in Naryn Oblast, a program to be extended to 1150 vets nationwide.
- Veterinary Chamber established to licence private vets and maintain professional standards.
- Animal Disease Compensation Fund for test and slaughter programs is being piloted.
- Rural Advisory Service (RAS) restructured to become independent self-financing service providers.
- Farmers Koshuun’s (community based organizations) established in 458 Ail Okrugs to procure advisory services.
- 96 trainers and 1500 farmers trained on livestock, potato, vegetable, and cereal production through farmer field schools and 420 demonstrations for animal production and soil management established.
- 217 new community seeds funds established, capitalized with certified seeds and supplied with fertilizers and guidance provided.

**Key Partners:** The implementing agency is the Ministry of Agriculture (MOA). The project is implemented through the MOA Agricultural Projects Implementation Unit in close cooperation with the SVD, the Pasture Departments and ARIS.
The proposed project activities are expected to contribute to increased productivity in the agricultural sector, by improving access to finance to support investments in farm inputs, agricultural machinery and some marketing infrastructure, timely and reliable weather forecasts, and complementary capacity building activities for farmers.

Development Objective of the Project is to increase the agricultural productivity of the project beneficiaries.

**Investment Support for Improved Farm-level Productivity Component** will:

1) provide Credit Line for farmers and farmer associations to increase access to financing. The Credit Line will finance (i) working capital loans providing access to much needed short-term financing for spring and winter planting (agricultural inputs, such as seeds, fertilizers, and fuel) and harvesting activities for small farmers and farmer cooperatives; and (ii) investment loans and leases for purchasing farm machinery, investing in warehouses, and other productive assets. It is estimated that around 2,000 farmers will have access to sub-loans under this program.

2) finance further expansion of the network of the Community Seed Funds (CSF) aimed at supporting the poorer rural households with high quality seeds and fertilizers, as well as complementary training for CSF members. It is expected that by the end of the project, around 5,500 farmers from 65 newly created CSFs will have benefited.

**Technical Support for Improved Farm-level Productivity Component** will support pilot delivery of weather information to farmers, including early warnings for adverse weather events, to reduce crop losses due to such weather events; and will support training and extension services to farmers and farmer cooperatives on modern, sustainable agricultural practices (including integrated pest management) to increase agricultural productivity and reduce on-farm losses, and quality management systems at the farm level.

The funding for the project in the amount of US$6.85 million has been provided by Russia Food Price Crisis Rapid Response Trust Fund for the Kyrgyz Republic and Tajikistan.

The ultimate beneficiaries are expected to contribute about US$780,000.

**Key Partners:** The Ministry of Agriculture, Ministry of Finance, Credit Line Management Unit under the Ministry of Finance, Agribusiness Competitiveness Center, Kyrgyz Hydromet

**Key Development Partners:** UN Women (formerly UNIFEM)
KYRGYZ REPUBLIC

AVIAN INFLUENZA CONTROL AND HUMAN PANDEMIC PREPAREDNESS AND RESPONSE PROJECT
Project P099453

Key Dates:
Approved: February 9, 2006
Effective: July 10, 2006
Closing: December 31, 2011

Financing in million US Dollars*:

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*Source Client Connection as of Nov 18, 2011.

Note: Disbursements may differ from financing due to exchange rate fluctuations at the time of disbursement.

Rapid spread of HPAI virus in 2005 and avian influenza (AI) outbreaks registered in the neighboring countries put Kyrgyzstan at high risk of being affected by the spreading virus. The Kyrgyz Republic, located at the cross-roads of birds migration routes, was the first country to get the assistance from the newly established global facility for fighting the HPAI (GPAI). Although initially designed to control AI outbreaks, the project aimed at strengthening the general disease control, surveillance, and containment capacities in the country. The need for general capacity building has become even more obvious even though no HPAI cases were registered in the country after four years. It was recognized, however, that other diseases such as brucellosis, anthrax, rabies, TB, and echinococcosis were causing significant public health problems. Therefore, the Board recently (2010) approved restructuring of the project to broaden its focus from HPAI and to encompass other more significant diseases, which was in line with the GPAI strategy. It was also recognized that with improved readiness and rapid response capability provided through the project and other donors assistance, the risk assessment for an AI outbreak was significantly reduced.

The revised Project Development Objective is to assist the Recipient in minimizing the threat in the Kyrgyz Republic posed by the Highly Pathogenic Avian Influenza (HPAI) infection as well as by other poultry and livestock diseases and to prepare for the control and response to an influenza pandemic and other zoonotic or infectious disease emergencies in humans. The Project finances activities under five components: (i) animal health, (ii) human health, (iii) public awareness and information, (iv) implementation support, monitoring and evaluation, and (v) emergency imports.

Results achieved:
The project supported the development and is assisting the implementation of the National Program and National Action Plan for prevention, containment, control, and eradication of HPAI in the poultry sector and among humans. This has evolved into the preparation of other national plans for brucellosis, for example. Local Disease Crisis Coordination Committees at the rayon level were established and trained to respond to outbreaks. For Strengthening the National Policy and Regulatory Environment the project has supported, together with other donors and the World Animal Health Organization (OIE), a detailed review of current policies and the existing legal and regulatory environment for a modern veterinary service. A Diagnostic Capacity has been strengthened at the Republican (Central) Veterinary Laboratory (RVL), the regional veterinary laboratories in Osh and in Kochkor to support sample collection and submission, detection, reporting, and follow-up of reported AI cases. Equipment, consumables, and reagents have been procured; staff training and technical assistance (TA) was provided. Support was provided to the virology laboratory of the Sanitary and Epidemiology Surveillance Department of the Ministry of Health. The National Animal Disease Information Systems are being developed with the project assistance to provide routine analysis of surveillance data to monitor disease status and risks associated with H5N1 and other diseases including H1N1. The project has financed surveillance programs and the provision of essential hardware at the SVD. Rapid Response Teams were established by the MOH and SVD, and they have been equipped with special vehicles, equipment, and personal protection devices. Field staff in all Oblasts has been trained through simulation exercises, and public awareness and communication improved. The project has provided a good framework for follow-on work related to the control of zoonotic disease and transboundary animal diseases.

Key Partners: The Ministry of Agriculture and The Ministry of Health.
Key Development Partners: Ministry of Finance of Japan (PHRD grant), EC, OIE, FAO, WHO, USAID (STOP AI)
Second On-Farm Irrigation Project (OIP-2) and Additional Financing (AF)
Projects P096409 and P123690

Key Dates OIP-2:

- Approved: June 19, 2007; AF approved: June 28, 2011
- Effective: October 31, 2007; AF effective: December 15, 2011
- Closing: June 30, 2013; AF closing: December 31, 2015

Financing from all co-financiers, million US Dollars:

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*Source Client Connection as of November 23, 2011.
Note: Disbursements may differ from financing due to exchange rate fluctuations at the time of disbursement.

Irrigation has been practiced in the Kyrgyz Republic for centuries. Since 1991, due to technical, managerial, and financial constraints, deterioration of irrigation and drainage infrastructure has led to unreliable supply and distribution of irrigation water, as well as drainage and water logging problems. With the assistance of the First On-Farm Irrigation Project, 450 Water Users Associations (WUAs) were established and 63 WUAs with the total command area of 122,000 ha benefited from rehabilitation. After the OIP-1, there remained a broad incomplete agenda, including: (i) insufficient rehabilitation and modernization investment will lead to continued deterioration of infrastructure, leaving many farmers without access to adequate and timely water resources; (ii) the focus of assistance to WUAs needs to be redirected towards developing skills necessary to sustain their infrastructure and maximize its utilization. Therefore the OIP-2 was approved in June 2007, and Additional Financing for the OIP-2 in June 2011.

The Project Development Objective is to improve irrigation service delivery on a sustainable basis that will contribute to increased agricultural productivity among irrigation farmers.

The Project will achieve its objective through (i) assistance to ensure that WUAs are able to efficiently and productively utilize their rehabilitated on-farm irrigation systems on a sustainable basis, with special emphasis on water and asset management aspects; (ii) rehabilitation and modernization of irrigation and drainage infrastructure for around 29 WUAs commanding 51,000 ha under the OIP-2 and an additional 17 WUAs under the AF.

Results achieved:

- OIP-2 is on schedule to meet its development objective and to complete all rehabilitation works for 30 Water Users Associations (WUAs) covering around 70,000 ha by project closing on June 30, 2014, which is significantly more than the target envisaged at appraisal. As of November 2011, twelve sub projects are complete, 16 are ongoing, and two are under procurement.
- There are now 320 WUAs nation-wide with well informed water users actively interacting with WUA management through their zonal representatives and taking part in the WUAs activities.
- As result of rehabilitation of systems and capacity building support, 85 WUAs have a collection rate of 90% or higher of the irrigation service fee.
- WUA Support Units were constrained in their work for a while, as a result of Government budget deficits, but since summer 2011 some of their costs can be paid under the project and their performance can improve again.

Key Partners:
State Committee of Water Management and Land Improvement of the Kyrgyz Republic which is responsible for overall project implementation through its PIU.
Ministry of Finance of the Kyrgyz Republic
Irrigation has been practiced in the Kyrgyz Republic for centuries. Since 1991, due to technical, managerial, and financial constraints, deterioration of irrigation and drainage infrastructure has led to unreliable supply and distribution of irrigation water, as well as drainage and water logging problems. Despite all the activities carried out in irrigation, and the technical and financial support received from various donors, including IDA, there remains a large unfinished agenda: (i) remaining irrigation rehabilitation and modernization needs that are beyond the financial resources of the Government; (ii) lack of budget in order for irrigation to remain sustainable; (iii) poor technical and financial performance of the Department of Water Resources (DWR) and the need to reform the DWR towards an efficient and client-oriented bulk water supply and management organization; and (iv) significant overlap of water resource management functions.

The Project Development Objective (PDO) is: (i) improve irrigation service delivery and water management for the benefit of a sustainable increase in irrigated agricultural productivity; and (ii) improve national water resource governance for the benefit of water users and the nation as a whole.

The Water Management Improvement Project (WMIP) has the following components: (i) Rehabilitation and modernization of irrigation infrastructure to secure the water supply to around 85,000 ha, which serves 40,000 families; (ii) Management of water resources to achieve sustainable and efficient water resources management through implementation of the water code, support to the DWR, and support to Water Users Associations (WUAs); (iii) Organization of beneficiaries supporting the formation and development of WUA Federations and the transfer of minor irrigation schemes to WUAs, thereby alleviating some of the pressures on the DWR to operate and maintain these systems.

Results achieved:
- The implementation of the project has been slower than planned. Under Component 1, rehabilitation works have been delayed due to the 2010 events in the south, under-resourced contractors and shortcomings in the construction supervision process. The project has been extended by one year until December 31, 2012, in order to finalize all the works. In total 54 WUAs will receive improved and more reliable water supply from the rehabilitated systems, and currently 17 out of 54 WUAs have already benefitted.
- Under Component 2, plans for the management of the Talas and Kugar river basins have been developed. However, the implementation of the Water Code is constrained by repeated changes in the government structures and the fact that the National Water Council has not yet convened to give essential policy guidance on the institutional organization of the water sector. This issue will be addressed once a new government is established following the October 2011 elections.

Key Partners:
The Bank team works closely with (i) the State Committee of Water Management and Land Improvement of the Kyrgyz Republic responsible for overall project implementation through its’ PIU; (ii) Ministry of Finance of the Kyrgyz Republic.

Key Development Partners include Government of Japan through PHRD facilities who financially contributed to the implementation of the component related to management of water resources.
Agriculture accounts for 16% of GDP and some 20% of employment in Macedonia. The sector also plays a central role in rural areas, where almost half of Macedonia’s population lives. The sector performance over the last decade has been mixed, largely due to weather events. In addition, along with increased competition from EU imports into the region, the sector faces many challenges to competitiveness including low levels of investment in farm technology and supply chains, as well as underdeveloped land and rural credit markets. FYR Macedonia’s status as an EU candidate country imposes additional institutional and regulatory requirements on the sector.

The Project Development Objective is to improve the delivery of government assistance to the agriculture sector in a manner consistent with the European Union’s pre-accession requirements.

The Project provides assistance in strengthening the capacity of the Ministry of Agriculture, Forestry, and Water Economies to support the agriculture sector, including improving its ability to formulate and implement effective policies and increasing the effectiveness of public expenditures in agriculture - all of this in an EU-compliant manner. In addition, it provides support for setting up or strengthening the institutional structures necessary for EU accession and for accessing pre-accession assistance that Macedonia is eligible for. Further, the project assists in strengthening the veterinary capacity in order to help producers and agro-processors meet new food safety standards driven by changing consumer preferences and EU regulations. Lastly, the project supports completing the ongoing institutional reform of the irrigation sector that was initiated under the previous World Bank Irrigation Restructuring and Rehabilitation Project.

Results achieved:
Significant results have been achieved in increasing the Ministry of Agriculture, Forestry and Water Economies’ ability to deliver EU rural development funds. The European Commission conferred the right to manage the funds from the EU Instrument for Pre-Accession Assistance for Rural Development (IPARD) to the Macedonian Paying Agency in December 2009. This enables Macedonian farmers and processors to apply for IPARD grants to prepare for accessing EU markets, and to be prepared for increased competition from other EU producers. Through investments in both IT equipment and technical assistance, the Ministry of Agriculture, Forestry, and Water Economies is also gaining the capacity to track these funds, evaluate their impact, and develop new, effective rural development policies. The support to developing effective veterinary capacity has resulted in the reduction in certain veterinary diseases prevalence (brucellosis and tuberculosis), increased preparedness for disease outbreaks, individual identification and registration of animals necessary for safeguarding animal and public health, and enhanced food-safety among food processors. The project’s support to the water sector has resulted in the establishment of Water Economies and Water User Associations. Water Economies have undergone training with the purpose of strengthening their capacity to deliver services and support the organization of the Irrigation Water Communities. This is an important step towards ensuring sustainability and improved delivery of irrigation and drainage services provided by the Ministry.

Key Partners:
The lead implementing agency responsible for project management is MARD, which also chairs a Project Steering Committee that ensures inter-institutional coordination and overall project oversight.

Key Development Partners:
The Bank team has throughout the project coordinated closely with the EU Delegation in Macedonia, as well as with the Swedish International Development Agency (SIDA). There is strong synergy between activities under ASAP and activities financed by these donors.
FOOD SECURITY AND AGRICULTURAL POLICY FORMULATION

Project P124627 (ESW – Policy Note)

Approved: May 21, 2010
Effective: December 1, 2010
Closing: June 30, 2013

Financing (in US Dollars):

<table>
<thead>
<tr>
<th>Financier</th>
<th>Financing</th>
<th>Undisbursed*</th>
</tr>
</thead>
<tbody>
<tr>
<td>GFCRP [Global Food Crisis Response Program]</td>
<td>320,000</td>
<td>285,207</td>
</tr>
<tr>
<td>MDTF</td>
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<td></td>
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<tr>
<td><strong>Total Project Cost</strong></td>
<td><strong>320,000</strong></td>
<td><strong>285,207</strong></td>
</tr>
</tbody>
</table>

*As of November 1, 2011

Challenge

Despite Moldova’s history as the high-yielding “garden of the Soviet Union”, the country saw its domestic agricultural productivity declining and rural poverty rising. The poor continue to be dependent on agricultural production; the frequency and severity of droughts and floods are increasing; prices in agri-food markets are volatile; and the country continues to depend on few trading partners and their politically motivated trade policies; and domestically agricultural policy formulation has often lacked in long-term strategic perspective and broad-based support for reform. One key constraint in agriculture sector development are Moldova’s agricultural and trade policies that focused on food self-sufficiency through export bans, import quotas and administrative price controls, which led to inefficiencies in the sector and thus to reduced agricultural incomes and – ironically – reduced food security.

Project Objectives

This analytical and advisory work intends to support the formulation of Moldova’s food security strategy and related policy reform with a view towards the needed completion of a paradigm shift from a self-sufficient and production oriented to a competitiveness-based agricultural policy framework. The task includes a descriptive analysis of food security in Moldova, economic impact analysis of policy reform options, a political economy analysis, and various stakeholder consultations and advisory activities.

Key Outputs


Contribution to the CPS outcome indicators

The current CPS for the Republic of Moldova aims to assist the country in laying the foundations for sustainable and inclusive economic growth including through improved competitiveness and social inclusion. Food security and rural poverty are explicitly listed as focus areas for the Bank’s AAA work. This AAA task is expected to contribute to changing mindsets about the nature of food (in)security in Moldova and its linkages to agricultural competitiveness. These efforts are complementary to the Bank’s support to Moldova’s agricultural competitiveness agenda through a new lending operation currently under preparation.

Key Partners

The Government of Moldova, in particular the Ministries of Agriculture and Food Industry, Economy, and Labor, Social Protection and Family, are the primary beneficiaries and audience of this AAA work. For the food security assessment, the Bank has partnered with the World Food Program (WFP). In addition, numerous consultations and awareness raising activities will be undertaken with key stakeholders, such as sectoral organizations, political parties, as well as producer and consumer groups.
Moldova continues to be a country with a predominantly agricultural and rural economy. But, in spite of a good endowment with rich soil and potential comparative advantage in major crops, and particularly in high value crops, the under-performance of the agricultural sector and the scarcity of non-farm income earning opportunities contributed to severe impoverishment of the rural inhabitants.

Development Objectives: The Project is the second phase of a two-phase Program. The Program objective is to provide long-term support to accelerate agricultural recovery and growth so that Moldova’s agricultural and rural sectors can play their full role in providing the underpinnings for future income growth and poverty reduction. Under this overarching objective, this second phase continues to foster post-privatization growth in the agricultural sectors of Moldova by improving access of farmers and rural entrepreneurs to know-how, knowledge, and financial services, while building the capacity of the private and public institutions to ensure the sustainability of the activities.

The Project. The Rural Investment and Services Project II (RISP) supports the Government’s program to address key rural issues, by creating income-earning opportunities and improving productivity through complementary technical assistance and investment support. Support measures include: (i) creating viable rural entrepreneurial legal and organizational structures; (ii) establishing a private agricultural support services system including advisory, marketing, and business development support; (iii) improving the sustainability of a rural finance system that serves a large number of dispersed rural clients throughout the country, (iv) deepening the outreach of the banking sector into rural areas; (v) solidifying private ownership of land and other productive assets and facilitating the efficient functioning of land markets; and (vi) providing support to farmers facing repeated droughts with technical assistance and credit facilities for on-farm irrigation equipment.

Results achieved:
1. Over 400,000 farmers are benefiting from high quality services of the national agricultural extension agency – ACSA – established with support from RISP, which are positively impacting their production practices;
2. Credit lines provided through RISP have created over 1,700 new businesses in high-value agriculture, livestock breeding, small-scale industries, and generated 7,000 new jobs, mainly in rural areas;
3. The work to modernize the legal and regulatory framework for Savings and Credit Associations (SCA) has considerably advanced, strengthening the supervisory capacity of the State and ensuring that, among others, only the strongest associations continue to collect deposits;
4. Over 40 percent of the population in six selected pilot villages have taken part in a land re-parceling exercise, prompting the Government to scale up this activity to additional 40 villages. Lessons from all 46 villages are being integrated into a Government strategy.

Key Partners: The Bank team works closely with: (i) the Ministry of Agriculture and Food Industry, (ii) the Ministry of Finance and (iii) the National Commission on Financial Markets.

Key Development Partners include the Government of Sweden, which has provided co-financing, and the Government of Japan, which has provided parallel financing.
Agriculture accounts for about 10 percent of GDP and 5 percent of exports for the country, and is important for employment and poverty reduction, particularly as over half of the poorest fifth of Montenegrins live in rural areas. The quality and productivity of farming is, however, undermined by limited capital, outdated technology, weak supply chains, underdeveloped standards in agriculture and food safety, and inadequate extension services. To ensure competitiveness and compliance with EU requirements, the Government of Montenegro has prioritized upgrading agricultural practices and standards, as well as strengthening the capacity of the Ministry of Agriculture and Rural Development (MARD) to allow access to financial assistance under the EU’s Instrument for Pre-Accession for Rural Development (IPARD). In addition, Montenegro is seeking to strengthen capacity in agro-environmental extension to mainstream sustainable resource management practices in vulnerable areas, while tapping into eco-tourism opportunities, including those in the northern mountainous regions, which have limited livelihood options.

The Project Development Objective is to improve the delivery of government assistance for sustainable agriculture and rural development consistent with the EU’s pre-accession requirements. The Global Environment Objective is to mainstream sustainable land use and natural resource management into MARD’s policies, programs, and investments.

The project’s specific aims include building capacity within MARD to track and evaluate IPARD funding, integrating EU-compliant measures into the Ministry’s support programs, and upgrading the food safety system to EU standards. To help achieve these goals, while supporting farm competitiveness and rural income diversification, MIDAS finances a grant component that will be implemented through the same structures as the future IPARD program. The project also incorporates environmental activities within Montenegro’s Advisory Services to improve sustainable land use and natural resource management throughout the country.

Results achieved:
After 2.2 years of implementation, activities are progressing well. In particular:
- The first Agricultural Census in 40 years was successfully implemented throughout the country in June 2010. Its results will be crucial to underpinning the preparation of Montenegro’s rural development program;
- The project successfully launched the first call for applications under the Grants Program, on April 15, 2011, and attracted over 780 applications. On October 7, 2011, of the approximately 300 projects approved, grant agreements for allocation of funds for investments in farms were signed by around 100 farmers from the dairy cattle breeding and fruit grower sectors; and
- MARD’s systematization plan was adopted and staff positions are being filled, although slowly.

Key Partners:
The lead implementing agency responsible for project management is MARD, which also chairs a Project Steering Committee that ensures inter-institutional coordination and overall project oversight.

Key Development Partners:
The project was designed in close consultation with the European Commission and European Delegation in Montenegro to ensure cohesion with assistance under the Instrument for Pre-accession. The project had also closely coordinated with Danish Development Agency DANIDA, providing grants to farmers in support of organic production.
ODRA RIVER FLOOD PROTECTION PROJECT (ORFPP)

Key Dates:
Approved: March 21, 2007
Effective: July 9, 2007
Closing: November 30, 2014

Financing in million Euro*:

<table>
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<tr>
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<th>Undisbursed</th>
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</thead>
<tbody>
<tr>
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<td>30.00</td>
<td></td>
<td></td>
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<tr>
<td>World Bank</td>
<td>140.1</td>
<td>14.2</td>
<td>125.9</td>
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<tr>
<td>Council of Europe Dev. Bank</td>
<td>204.9</td>
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<tr>
<td>European Union</td>
<td>130.0</td>
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<tr>
<td>Total Project Cost</td>
<td>505.0</td>
<td>31</td>
<td>474.0</td>
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</tbody>
</table>

*As of October 28, 2011.

The Odra River Flood Protection Project (ORFPP) will ensure better protection to the population in south-eastern Poland (Silesia), and in particular the economically crucial city of Wroclaw, from loss of life and damage to property caused by severe flooding. These areas are heavily affected by recurrent devastating floods, lately in 1997. At an estimated final total cost of close to US$ 1 billion, this project is among the Bank’s larger engagements.

The project has three main components:
(i) Rehabilitation and modernization of dikes and river embankments, as well as widening of bridges and weirs, dredging of waterways and improvement of the floodwater by-passing capacity of the Widawa Canal;
(ii) Construction of a flood retention dry polder (reservoir) near Raciborz town upstream of Wroclaw; and
(iii) Improving flood forecasting and flood management capabilities.

The project is being implemented in three phases. First, the implementation structure was established and staff trained; the implementation involves several ministries (notably the Ministries of Interior and Administration, and of Environment) and four PIUs inside the four regional Implementing Agencies (see below). The project is co-financed by the CEB and three EU Cohesion grants, now approved. In this phase teams of experts (technical assistance) have been also recruited to assist these Agencies. This first phase was completed at the end of 2009. In the second, current phase, the land is being acquired, especially for the new construction of the 22km long dikes for the dry polder in Raciborz, but also in and near Wroclaw. The area to be acquired to allow the start of the procedure to obtain the construction permit for the dry polder is 1,260 ha. Furthermore, 184 residential properties are being acquired and the families living there, resettled. The new town Nove Nieboczowy is being developed to accept these families, but other families have taken the option to build their new premises elsewhere. Also a church, graveyard, and a historic chapel are being relocated to the new town. The procedures for these activities follow the Polish, European and World Bank regulations. Currently, about 100 families have resettled or are resettling and all plots have been secured; of which 91% legally acquired. The Environmental Permits, some in revised form, have been obtained, or are at the final stages of acquisition. Environmentally significant values, such as those that fall under Natura 2000, receive protection, and, if threatened, the project is creating compensatory assets.

In this phase all designs are being updated and works procured through ICB. The preparatory activities so far did not absorb much funds, however, in the third and final phase, starting 2012, the works implementation will likely soon exhaust the funds. The Bank’s finance, eventually, is expected to have leveraged about 5-6 times more funds.

Expected Results:
Improved protection for about 2.5 million people in the Wroclaw area and towns upstream against high-flood episodes, such as the 1997 extreme flood. Improved flood forecasting in Poland, hence better prevention of damages.

Key Partners:
The Ministries of Interior and Administration, and of Environment; and the State Water Management Board (KZGW), the Regional Water Management Authority Wroclaw (RZGW WL), the Regional Water Management Authority Gliwice (RZGW GL), the Lower Silesia Board of Amelioration and Hydraulic Structures (DZMiUW), the Institute of Meteorology and Water Management (IMGW), and three Voivod and numerous local governments. The European Commission (DG Regional Policy), and the Council of Europe Development Bank (CEB) are co-financiers.
**COMPLEMENTING EU SUPPORT FOR AGRICULTURAL RESTRUCTURING PROJECT**

* Project P100638

| Approved: | November 27, 2007 |
| Effective: | March 9, 2009 |
| Closing: | June 30, 2013 |

**Financing in million EUR:**

<table>
<thead>
<tr>
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<tbody>
<tr>
<td>IBRD Loan</td>
<td>43.4</td>
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<tr>
<td>Government of Romania</td>
<td>3.7</td>
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</table>

**Total Project Cost**

47.1

**World Bank Disbursements, million EUR:**

<table>
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<tr>
<th></th>
<th>Total</th>
<th>Disbursed</th>
<th>Undisbursed</th>
</tr>
</thead>
<tbody>
<tr>
<td>IBRD</td>
<td>43.4</td>
<td>1.2</td>
<td>42.2</td>
</tr>
</tbody>
</table>

* as of October 31, 2011.

*Note: Disbursements may differ from financing due to exchange rate fluctuations at the time of disbursement.*

**Project Objective**

The objective of the Complementing EU Support for Agricultural Restructuring (CESAR) Project is to facilitate market-based farm restructuring by enhancing the ability of farmers, farm family members, and farm workers to manage their assets and income. Under this overarching objective, the CESAR project helps Romania in completing the property title registration of land assets in rural areas to improve the security of land property rights and to reduce transaction costs on rural land markets. Equally important, the project assists the Romanian government in improving the delivery of guidance services that enable the agricultural population to more sustainably manage its income and assets and thus to contribute to the absorption of available national and EU support programs.

**Key Expected Results and Current Achievements:**

Project impact will be measured in terms of:

- improvement of property rights security;
- enhanced functioning of rural land markets;
- more effective provision of socio-economic guidance services to the agricultural population, enabling it to take informed decisions about income opportunities and asset transfers and to access national and EU CAP support programs.

Overall, the Project is making good progress towards meeting most of its expected intermediate outcomes. Out of the 0.7 million hectares planned to be registered under the project, 0.15 million are already in process of being surveyed and undergoing the steps towards the registration in the land books (final step of the process). The bidding process for contracting the registration of additional 0.23 million hectares will be launched by the end of November, while the rest of 0.32 million hectares will be subject to a bidding process to be launched by the end of March 2012. In addition, the law on cadastre and land registration was amended in 2010 to allow for systematic registration. The handbook on socio-economic guidance was developed; 14 out of the 15 socio-economic guidance services providers were selected and contracted; and the trainer of the socio-economic guidance service providers is in process of being selected.

Translation of these developments into disbursements requires lead-time due to the Romanian financial management arrangements (report-based reimbursement arrangements, with all activities pre-financed through the state budget). As of October 31, 2011, commitments of Loan amounts reached €6.7 million (15.4%), although disbursements are still lower than expected, at €1.2 million (2.78% of Loan amount), but with prospects to increase to about € 5.0 million by the end of 2011.

The Project was restructured in March 2011 to revise the targets and to cancel part of the loan proceeds.

**Project contribution to the CPS outcome indicators**

The provision of effective guidance services to the agricultural population and the completion of land reform through systematic registration of property titles were identified by the Government of Romania, EC, and the World Bank as one of the most important sectoral development challenges. As a result, the CPS for 2007-2009 recognized the need for supporting “a shift of agricultural policy towards completing the land reform process by securing land tenure, and promoting efficiency and competitiveness”.

**Donor coordination, if any**

Whereas not strictly co-financed by the EU, the Project has been designed in collaboration with the European Commission to help leverage Romania’s EU allocations under two European Funds – European Agricultural Guarantee Fund and European Agricultural Fund for Rural Development.
IRRIGATION REHABILITATION AND REFORM PROJECT

Project P043881

Approved: July 31, 2003
Effective: April 29, 2004
Closing: March 31, 2012

Financing in million US Dollars:

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<tr>
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<tr>
<td>Beneficiaries</td>
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<td>Total Project Cost</td>
<td>102.98</td>
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World Bank Disbursements, million US Dollars *:

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<tr>
<th>Total</th>
<th>Disbursed</th>
<th>Undisbursed</th>
</tr>
</thead>
<tbody>
<tr>
<td>IBRD</td>
<td>80.0</td>
<td>62.9</td>
</tr>
</tbody>
</table>

* as of November 15, 2011.

Note: Disbursements may differ from financing due to exchange rate fluctuations at the time of disbursement.

Irrigation is vital to Romanian agriculture because it offsets rain deficit amounting to about 200-350 mm in the country’s semi-arid southern and eastern regions. Irrigation thus minimizes the climatic risk affecting the summer crops, ensuring the stability in production necessary for commercial farms. A large area was equipped for irrigation under previous socialist regime (30% of arable land), but much of it is uneconomic today because of the high energy consumption required for pumping water to high terraces and significant water losses. The land reform enabled restitution of land to previous owners but let to severe fragmentation of land holdings (average 3.5 ha), making modern farming and irrigation difficult to apply. The project, thus, provides support establishment and strengthening of water users’ organizations (WUO) as part of a structural sector reform including institutions and financing systems.

Project Objective

The primary objectives of the project are to: (a) achieve more economic use of irrigation resources through changes in farmers’ and the Land Reclamation Agency’s behavior; and (b) increase agricultural productivity in the project area. These objectives can be achieved by rehabilitating primary irrigation infrastructure on about 100,000 ha (including 230 km of irrigation canals), by rehabilitating eight main pumping stations and tertiary infrastructure, by supporting development and strengthening of WUOs, by supporting the sector institutional reform.

Key Expected Results and Current Achievements:

✓ Under Component 1, rehabilitation of primary irrigation infrastructure on about 100,000 ha in four schemes (“project area”), eight major pumping stations covering about 90,000 ha, and tertiary infrastructure owned by WUOs covering about 150,000 within and outside project area will be achieved. To date, over 60% of the above targets have been met and, as a result, energy efficiency increased by 27% due to both improved pumps parameters and reduction of water losses. It is expected that by project completion, the energy efficiency will increase, on average, by 30% in each scheme.

✓ Under Component 2, institutional development of the sector is supported through development and strengthening of at least 150 WUOs, reform of irrigation financing, reform of the irrigation agency and support to the Ministry of Agriculture and Rural Development (MARD). By now 435 WUOs have been established covering over 1 million ha, of which the project provided support to 135 WUOs covering over 300,000 ha through irrigation and office equipment, training, and communication equipment.

✓ Under Component 3, use of new technologies for on-farm reduction of energy and water consumption applicable in Romania will be studied and demonstrated on a pilot basis.

Project contribution to the CPS outcome indicators

The Project is directly linked with Pillar 2 of CPS, Growth and Competitiveness, through its support to development of competitiveness in agriculture and also absorption of EU funds.

Donor coordination, if any

During project preparation, the Bank team developed a strong partnership with USAID and the Government of the Netherlands on WUOs development; while the Government of the Netherlands funded preparation of the legislation, USAID supported development and strengthening of WUOs through a four-year program benefitting over 100 WUOs.
MODERNIZING AGRICULTURAL KNOWLEDGE AND INFORMATION SYSTEMS PROJECT  
Project P086949

| Approved: November 16, 2004 |
| Effective: June 24, 2005 |
| Closing: September 30, 2011 |

Financing in million EUR:

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<td><strong>Total Project Cost</strong></td>
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World Bank Disbursements, million EUR *:

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<tr>
<th>Total</th>
<th>Disbursed</th>
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</thead>
<tbody>
<tr>
<td>IBRD</td>
<td>37.1</td>
<td>21.1</td>
</tr>
</tbody>
</table>

* as of October 31, 2011

Note: Disbursements may differ from financing due to exchange rate fluctuations at the time of disbursement.

Project Objective

The development objective of the Modernizing Agricultural Knowledge and Information Systems (MAKIS) project is to help Romania comply with the agricultural _acquis communautaire_ and to help the agro-food sector take advantage of the benefits and opportunities arising from EU membership.

Key Expected Results and Current Achievements

The primary beneficiaries are small and middle-sized farmers with the potential to become commercial. The project impact would be measured in terms of:

- better implementation of the inspection control measures in food safety matters;
- increased access to and adoption of improved farm practices, marketing, and post-harvest technologies;
- effective provision of EU agricultural support funds (CAP payments).

The intermediaries results of the project demonstrate the steady progress towards achieving most of the project targets. For example:

(a) three Border Inspection Posts have been constructed and equipped in accordance with EU specifications to assure the safeguarding of the European Food Safety Standards at Romania’s external EU borders;
(b) regional laboratories for food safety have been established;
(c) investments have been made in phyto-sanitary units throughout the country to improve implementation of food safety controls;
(d) significant reform in the structure and governance of agricultural research;
(e) agricultural research institutions have been transformed into National Research Institutes; they are now internationally recognized and successfully competing on the European market. The institutes are also generating substantial revenue through third-party funding;
(f) fundamental reform of the Agricultural Research Law, to include improved research sector oversight and coordination, and the provision of core-funding for public good elements generated by these institutes;
(g) 1.3 million farmers and rural entrepreneurs have been provided with effective knowledge and advisory service, particularly in the area of EU common Agricultural Policy requirements.

The Project was restructured in September 2011 (level 2) to (i) extend the closing date from September 30, 2011 to September 25, 2012 to allow completion of ongoing project activities, and (ii) cancel an amount of Euro 3.5 million from the Loan. This is the second project restructuring, after the one done in September 2010 to (i) align the Project Development Objective (PDO) to more precisely reflect the current post-accession EU integration challenges facing the Borrower; (ii) discontinue the Food Safety Component 1; (iii) revise the Project activities; (iv) revise the Results Framework and Monitoring; (v) extend the Project closing date by 12 months to September 30, 2011. Meanwhile, the Project's implementation performance has been improving substantially and the Project is well on track to achieve its revised objectives. Implementation of the works contracts for rehabilitation of various buildings at three research and development institutes started in August 2011 and progresses according to the schedule.

Project contribution to the CPS outcome indicators

The project contributes to the objectives of promoting knowledge-based economic growth, building institutional capacity to meet EU requirements and to address the competitive challenges faced by the agricultural sector; and providing opportunities for farmers and agro-processors to access European markets.

Donor coordination, if any

The MAKIS project has provided highly relevant assistance to Romania for complying with its EU agricultural accession and membership obligations and the absorption of EU rural funds. Further, assistance to the Paying Agency (APIA) is being provided in response to deficiencies in the management of EU CAP funds identified by the European Commission.
Challenge
In support of the G8 “L’Aquila Food Security Initiative” in response to the global food price crisis of 2007/2008, the Russian Federation has committed to enhancing its response to global food security concerns, particularly through multilateral channels, including contributions to international agricultural research as supported through the Consultative Group on International Agricultural Research (CGIAR). This Russian response is combined under the “Agricultural Development Aid Cooperation” (ADAC) Initiative led by the Ministry of Finance (MinFin) and aimed at improving food security, enhancing environmental sustainability of agricultural production (incl. climate change resilience), and building advisory capacity in Russia for international initiatives.

The ADAC Initiative has three pillars (MinFin resource transfers in parentheses): (i) donation to the CGIAR (US$ 15.0 million); (ii) establishment of the Eurasian Center for Food Security (ECFS) (ca. US$ 6.0 million); (iii) TA service agreement (FBS) with the World Bank to advise on the establishment, institutional evolution and operation of the ECFS (US$ 7.5 million: US$ 6.48 million for first (signed) FBS Agreement plus US$ 1.02 million to be transferred to the Bank for fellowships, scholarships and research grants as soon as an appropriate mechanism is identified).

Project Objective
The ECFS, to be based at the Moscow State University (MSU), will provide research and advisory services on food security matters to beneficiaries in the Eurasian region and is expected to evolve to an internationally recognized agricultural research center of excellence that can become an important member of the global network of agricultural expertise, with strong linkages to the CGIAR. The objective of the Bank’s TA program is to support the Russian government in strategic and technical aspects related to the design and implementation of the new center (ECFS). Key elements include the development of a long-term vision, needs assessment and gap analysis, review of strategy and options for ECFS’ institutional evolution, strategic plans and institutional design, research project support, training and educational programs, and institutional networking.

Key Achieved and Expected Results:
✓ Initial establishment of the Center is completed and input documents for the center’s evolution towards an internationally recognized center are prepared.
✓ The Center has increased its capacity to undertake critical research and communicate results, to provide advisory services, and has started to build a network on agricultural and food policy M&E.

How does the project contribute to the CPS outcome indicators
The cooperation between the World Bank and Russia on development aid was reflected in the World Bank - Russia Country Partnership Strategy (CPS, November 2006) where cooperation with Russia as a new donor development partner was identified as a key element of one of the CPS pillars (“Enhancing Russia’s Global Role”). This approach is in line with the Bank’s Middle Income Countries strategy that supports the unbundling of financial and advisory services and welcomes the provision of reimbursable technical assistance to Bank clients.

Key Partners
The MSU and its ECFS, coordinated by MinFin, are the Bank’s direct Clients for its advisory services. In addition, the Bank works closely with the Ministry of Agriculture and other Russian institutions. The Center will also operate in close collaboration with international, Russian and other Eurasian countries’ national institutes and organizations.
IRRIGATION & DRAINAGE REHABILITATION PROJECT
Project P087964

Key Dates:
Approved: July 12, 2005
Effective: March 6, 2006
Closing: May 31, 2013

Financing in million US Dollars*:

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<td>40.44</td>
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</table>

*Source Client Connection as of November, 2011.
Note: Disbursements may differ from financing due to exchange rate fluctuations at the time of disbursement.

Context:
In the 1990s, the Serbian water sector suffered due to lack of capability to provide sufficient levels of operation and maintenance funds for water-related infrastructure. Following a decade of economic sanctions and declining operation and maintenance budgets, the flood control and drainage infrastructure deteriorated. The regulatory and legal framework, designed for different socio-economic conditions, was unable to respond adequately to rising challenges and was unable to provide required funds and arrangements for carrying out necessary activities. Following the democratic changes in 2000, the Bank carried out a review of the situation in the water sector and concluded that significant rehabilitation and reinstatement activities are necessary in order to restore the functionality of essential drainage and flood control infrastructure, in order to permit Serbian agriculture to function again and meet the national needs. Additionally, there was a need for longer-term institutional reform to make the sector more productive, efficient, and sustainable.

The Project Development Objective is (a) to support high priority rehabilitation of drainage and irrigation infrastructure; (b) to reduce the risk of damage from flooding to people, land, crops, property, and infrastructure in project areas; and (c) to improve water resources management and to strengthen the associated water resource management institutions and policies.

The Project is addressing a range of interconnected sector issues by (1) financing rehabilitation of flood control, irrigation, and drainage infrastructure; (2) providing support in raising the technical capacity of weather-forecasting institutions and financing activities related to provision of better conditions for flood forecasting; and (3) supporting preparation of water-related legislation and raising the capacity of water management institutions through adoption of modern water management techniques.

Results achieved to date:
During the past 5.5 years, 21 flood control and drainage schemes were rehabilitated, covering over 100,000 ha and directly benefitting over 65,000 people. Four Water User Associations have been established, and work on preparation of designs for irrigation scheme rehabilitation is ongoing. The project supports the development of legislation in respect to the Water Law, which was enacted in May 2010. Procurement of high-power doppler weather radar for increased flood forecasting capacity of the Republican Hydro-Met Institute has been completed.

Key Partners:
The Bank team works closely with the Ministry of Agriculture, Trade, Forestry and Water Management (MATFWM) and its Directorate of Water, which is responsible for overall project implementation, while the beneficiaries also include public companies Serbia Waters and Vojvodina Waters, which are in charge of operation and maintenance of flood control and drainage infrastructure, and the Republican Hydro-Met Institute, which is in charge of hydro-met forecasting.
The project aims to assist the government of Tajikistan to resolve the cotton debt crisis and to rejuvenate the cotton sector through debt resolution, an improved policy environment, and increased cotton output and profitability.

The new **Project Development Objective** is to: (i) benefit cotton farmers and create the conditions for sustainable growth of cotton production in low income areas of Tajikistan through an improved policy environment and better access to finance.

**Results achieved:**
The project has been an important vector for cotton sector reform. Important policy reforms have been achieved under the project that led to substantial progress in the cotton farm debt resolution, and agrarian reform discussion. As a result, local government intervention in farmer crop planting and ginnery selection decisions has been significantly reduced.

Together with the EBRD/TAFF project, the project team has also persuaded the Government to use the agriculture credit lines extended by the Ministry of Finance to commercial banks, for both cotton and non-cotton farming activities. This is a critical step forward in the development of a more diverse and balanced agriculture sector. In addition, the decision to re-allocate project’s funds to a post-harvest credit line for cotton processors has provided an alternative to these government funded credit lines and facilitated government agreement to phase out this publicly funded source of agricultural credit. All planned US$10.4 million has been disbursed to cotton processors from the post harvest credit line immediately after harvest for the purchase of seed cotton from farmers.

Although international seed cotton prices decreased from their record-high levels of USD 4,569 per 1 MT in January-March 2011 to USD 2,580 per 1 MT in September 2011 (a 44% decrease), competition amongst ginneries, and farmers’ freedom to choose cotton buyers have allowed farmers to obtain high cotton prices in the beginning of the 2010-2011 season. In the 2009-2010 season, 69% of seed cotton was sold at prices above 80% of comparable world market prices. Based on PMU information, 100% of all farmers, who had been entered in the M&E system by October 12, 2011¹, benefited from receiving USD 788 per 1 MT of seed cotton – a 96% equivalent of the corresponding international price during the corresponding period. The revolving credit line is being extended to other non-cotton agricultural activities.

**Key Partners:**
The Bank team worked closely with (i) the **Ministry of Agriculture of Tajikistan** which is responsible for overall policy setting; (ii) **Project Management Unit** (PMU) responsible for coordination and management of implementation activities on a day-to-day basis; and (iii) **Participating Financial Institutions** (PFI) responsible for the implementation of the credit lines.

**Key Development Partners** include EBRD with which the Bank Team coordinated closely on policy issues.

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¹ Estimated 60% of farmers whose data the ginneries and PFI have already provided the supporting documentation and a proof of payment to the PMU as of mid-October 2011.
EMERGENCY FOOD SECURITY AND SEED IMPORTS PROJECT  
*Project P112157*

**Key Dates:**
- **Approved:** August 6, 2009
- **Effective:** April 9, 2010
- **Closing:** May 1, 2013

**World Bank Disbursements, million US Dollars:**

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<td><strong>4.13</strong></td>
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</tbody>
</table>

*Note: Disbursements may differ from financing due to exchange rate fluctuations at the time of disbursement.*

The project aims to provide food security and to support loss of livestock for the poorest households due to high volatile food prices in 2008 as well as the climatic conditions in 2007-2008. The first phase of the project was implemented by the United Nations Food and Agriculture Organization (FAO).

The **Project Development Objective** of the original project was to increase domestic food production and to reduce the loss of livestock to help at least 28,000 poorest households to reduce the impact of high and volatile food prices. With the additional funding from the Russia Food Price Crisis Rapid Response Trust Fund, the project development objectives were revised as follows: (i) to increase domestic food production and reduce livestock losses to help at least 55,000 poorest households; (ii) to improve the ability of poor households to deal with seed shortages because of poor crops; and (iii) to promote private commercial farming in order to increase food production and diversification.

**Results achieved:**

The project is in its second phase after a successful first phase that had fully achieved its emergency objectives of providing inputs to 94,000 households (surpassing the target of 55,000 households initially planned to be covered by the project).

As the FAO had completed its emergency interventions the project has been restructured to introduce a new activity—setting up a temporary Revolving Fund for fertilizer imports to help private commercial farmers cope with the collapse of the existing fertilizer supply chain with the aim of promoting private commercial farming in order to increase food production and diversification. After initial delays, progress has been made in setting up the Fertilizer Revolving Fund (FRF) including drafting the Operational Manual for the FRF and taking steps to contract an international consultancy to implement the activity.

Under the community production groups (CPG) key achievements include the establishment of all targeted 1,095 CPGs, including livestock groups, in the 24 project districts. For all 695 crop CPGs, seed has been returned in the required quantities (equivalent to 125% of the initially provided amount for grain and forage crops and 115% for potatoes), properly stored and processed, and steps are underway to redistribute seed and to add new members and groups. The livestock (poultry and rabbit) groups have all been formed and have generally distributed or will shortly distribute the offspring to other members. Yields are generally higher than the national averages; for example, wheat averaged 3.5 t/ha compared with the national average of 2.1 t/ha while maize yielded 5.0 t/ha compared with 4.1 t/ha, and potatoes 25.7 t/ha compared with 19 t/ha. The additional net revenue of about TJS 815 per household as a result of the project far outweighs the average income of TJS 87 per month before the project.

Close coordination with the Government has benefitted project implementation, and resulted in a strong sense of ownership and general satisfaction with the project's outcome on the part of the Government. The local NGOs employed to monitor project implementation have also made a strong contribution to project monitoring and liaison with local government officials.

**Key Partners:**

The Bank team worked closely with (i) the **Ministry of Agriculture of Tajikistan** which is responsible for overall oversight of the project; and (ii) the same **Project Management Unit** (PMU) as for the Cotton Sector Recovery Project is responsible for coordination and management of implementation activities on a day-to-day basis.

**Key Development Partners** included local NGOs and FAO in charge of project implementation.
Key Dates:
Approved: July 25, 2005
Effective: January 19, 2006
Closing: May 31, 2013

Financing from all co-financiers, million US Dollars:

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World Bank Disbursements, million US Dollars *:

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*Source Client Connection as of November 15, 2011

Note: Disbursements may differ from financing due to exchange rate fluctuations at the time of disbursement.

The Project aims to address deficiencies affecting irrigation and drainage in the Eastern part of the Soghd Oblast and to improve the overall state of water management in the area of the Kayrakum Reservoir structures, affecting irrigated agriculture in most of the Ferghana Valley. Interventions under the project will focus on improvements to Ferghana Valley systems and areas located south of the Kayrakum Reservoir, in Kanibodom, and Bobojon Gafurov raions. An irrigation area of about 30,000 ha will be covered under the project, benefiting about 250,000 people. The improvements under this project will secure irrigated agriculture and simultaneously will improve operational performance of the reservoir structures that serve a large part of the Ferghana Valley.

The Project Development Objective is to (i) increase the coverage of drained and irrigated areas in Bobojon Gafurov and Kannibodom raions; and (ii) strengthen the early warning system of the Kayrakkum dam as well as carrying out a geotechnical study for assessing the risks associated with the dam.

The Project will contain four distinct components that will address (i) rehabilitation and improvement of I&D infrastructure, (ii) strengthening Kayrakkum Reservoir Embankments and Improvement of Kayrakkum Dam and Reservoir Safety and Operations (iii) Institutional Development and technical assistance; and (iv) Project Management.

Results achieved:
Overall, project implementation has been satisfactory since effectiveness. About 55 percent of project funds have been disbursed and substantial volumes of works and Technical Assistance (TA) have been completed including:

- All 95 tubewells have been rehabilitated.
- Four out of nine large pump stations have been rehabilitated.
- Forty percent of the envisaged primary irrigation canal and sixty percent of canal structures have been rehabilitated.
- Fifty percent of the envisaged reservoir embankments has been rehabilitated.
- Close to half of the envisaged main and secondary drainage canals have been cleaned.
- Studies and safety measures conducted on the dam and reservoir to date have further clarified the safety of the dam;
- Two WUA have been established and yearly field demonstrations have taken place.

The project is having a positive impact on the population in the project areas by reducing flooding of large tracts of farm land and villages alongside the Southern embankments of the Kayrakkum reservoir. During the dry season, the project contributes to more equitable and reliable water supply and distribution, improving the potential for better harvests and farm income. As a result of farm restructuring, implemented prior to investments in rehabilitation of canals and drains, farmers are gradually shifting from cotton to higher value crops.

Key Partners:
The Bank team worked closely with the Uzbekistan Ministry of Agriculture and Water Resources, which is responsible for overall policy setting as well as for the implementation of the project.

Key Development Partners include the ADB and SDC with whom the Bank consults on a regular basis on issues associated with irrigation development.
PUBLIC EMPLOYMENT FOR SUSTAINABLE AGRICULTURE AND WATER MANAGEMENT PROJECT
EU FOOD CRISIS RAPID RESPONSE FACILITY GRANT

Project P119690

Key Dates:
Approved: August 26, 2010
Effective: November 24, 2010
Closing: December 31, 2011

Financing in million US Dollars as of November 2011:

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Agriculture contributes to 23 percent of the GDP, but it employs 75 percent of the country’s workforce, which indicates low labor productivity in the sector and, as a result, high levels of poverty in rural areas. In fact, 76% of Tajikistan’s poor live in rural areas, and low earnings from agriculture are a major cause of rural poverty. Of great concern is the recent rise in rural poverty due to successive shocks, including adverse climatic conditions and the locust attacks of 2008. In addition, the regional food price crisis of 2008-2009 contributed to increased household food insecurity. The global financial crisis in 2009 reduced the level of remittances, an important source of supplementary income for many poor rural households. Low productivity, low incentives, and weak markets are the underlying causes of inadequate agriculture sector growth and high rural poverty. Despite considerable potential to raise crop and livestock productivity, a combination of weak land use and ownership rights, local governments’ priority to produce cotton and inadequate competition have combined to reduce farmer incentives to raise output.

Khatlon Region remains the main location of rural poverty in Tajikistan mostly due to the dependence of its rural population on the historically depressed cotton sector. 47 percent of the region’s people live below the poverty line. Khatlon’s rural poverty and food insecurity can be reduced as the region has a good agricultural resource base with a large area of arable land, favorable climate, and access to gravity-fed irrigation. But access to water is inadequate, the irrigation systems are generally in poor condition due to lack of funding for maintenance and rehabilitation - which lowers crop yields.

The Project Development Objective is to generate temporal employment and to rehabilitate irrigation and drainage infrastructure in selected districts in Khatlon Oblast as a means to increase household food security.

Results achieved:
The Project has employed 10,321 (instead of originally envisaged 6,950) people for “manual labor”, and 90% of public works that include cleaning of 1,565 km of farm canals with an excavated amount of 666,490 m³ have been completed in all 32 jamoats (municipalities). As of today 92% of beneficiaries received their payments. Mechanized works under the project have started and the current completion rate is about 67% of total volume of works envisaged for cleaning of drainage and collector canals. The rehabilitation of outlet gates and pump stations is also going according to the plan; to date, 122 outlet gates and about 58% of works for rehabilitation of pump stations have been completed. Once all the works are completed it is expected to result in increased food production from an area of approximately 49,000 ha. Implementation of the Project has brought also a number of positive direct and indirect social impacts: opportunity for additional income for vulnerable households in the winter season when remittances are generally low (most migrants work in Russia in the late spring and summer months), improvement of irrigation and farm productivity, and supporting small and subsistence farmers with purchase of seeds and fertilizers for the year. In addition, the project facilitated acquisition of tax identification numbers and bank accounts for a number of rural citizens. Women comprised approximately 8% of all beneficiaries in Vaksh, 13% in Farhor, and 2.5% in Kumsangir? Shaartuz and Kabodiyan.

Key Partners:
The Bank team works closely with the Ministry of Irrigation and Water Resources of the Republic of Tajikistan and the Hukumat (local administration) of the Khatlon Region in the implementation of this project.

The Bank coordinates the policy and technical issues of the Project with the key development partners as the European Union Delegation, USAID, Swiss Development Cooperation Office, and FAO.
AVIAN INFLUENZA AND HUMAN PANDEMIC PREPAREDNESS AND RESPONSE (AIHP) PROJECT
Project P096262

Key Dates:
Approved: April 24, 2006
Effective: September 11, 2006
Closing: December 31, 2011

Figures in million US Dollars*:

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World Bank Disbursements, million US Dollars*:

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*As of Nov 18, 2011.  Note: Disbursements may differ from financing due to exchange rate fluctuations at the time of disbursement.

Background and Objectives:
A widespread Avian Influenza outbreak occurred in Turkey between December 2005 and January 2006. As of mid-March 2006, the presence of the H5N1 virus was confirmed in 58 of Turkey’s 81 provinces. The Government took prompt action with the culling of over 2.3 million birds and the monitoring of any possible spread in the affected provinces. The poultry sector incurred losses of roughly US$0.9 million daily between December 2005 and February 2006. The World Health Organization (WHO) confirmed 12 human cases of the H5N1 virus in humans in Turkey. Of these cases, four resulted in death. The project was prepared to respond to and to minimize the threat in Turkey posed to humans by the highly pathogenic Avian Influenza infection and other zoonoses in domestic poultry; and to prepare for the control and response to an influenza pandemic and other infectious disease emergencies in humans. To achieve this, three areas are being supported: (i) prevention, (ii) preparedness and planning and (iii) response and containment.

Results achieved:
- Risk assessment analysis associated with outbreaks has indicated significantly reduced risk; and Turkey AI project has been used as an example of best practice in international forum.
- All backyard breakouts under control within 2 weeks after the outbreak, and there have been no Avian Influenza breakouts since February 2007.
- A Contingency Plan for Avian Influenza was prepared by the Ministry of Agriculture and Rural Affairs (MARA) and a Contingency plan for Influenza Pandemic was prepared by the Ministry of Health (MoH) including national, regional, and local crisis centers, financial requirements, legal framework, prevention of the disease and tasks and responsibilities of the relevant ministries. Contingency plans were tested, and local organizations and their staff were prepared against the pandemic through real-time simulation exercises.
- Service level of laboratories were improved by modernization of machinery and equipment to address rising diagnosis demand during periods of pandemic, and the three reference laboratories were upgraded to biosafety III level, and the regional laboratories have been upgraded to biosafety II level.
- Capacity was strengthened through a comprehensive training program. Related staff of public and private organizations were trained on outbreak containment and collection of specimen for laboratory tests. Training was provided to villagers, and coops were built in pilot regions to reduce the risk of disease in backyard poultry. Training was provided to small enterprises in the poultry sector to improve perceptions on biosafety and biosecurity. MoH staff was trained on Fundamental Epidemiology, Pandemic Control, and Site Study. A Workshop on Preparation of Zoonotic Diseases Training Module was held with the participation of academicians from University and Training and Research Hospitals and experts working in public institutions along with representatives from the Ministry of Health. A Vaccination Drugstore project continues within the framework of human health component. Public awareness activities were held to raise awareness of avian influenza. Communication materials including posters, brochures, TV, and radio spots were produced.

Implementing Agencies: Ministry of Health and Ministry of Agriculture and Rural Affairs.
Key Development Partners: European Commission (EC) and USAID, which co-financed the project.
FOOD SAFETY PROGRAMMATIC TECHNICAL ASSISTANCE
Project P122858

Key Dates:
Approved: July 1, 2010
Closing: June 30, 2012

Financing in million US Dollars*:

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* as of November 18, 2011.
Note: Disbursements may differ from financing due to exchange rate fluctuations at the time of disbursement.

The Government of Turkey has requested the World Bank to work with the Ministry of Agriculture and Rural Affairs (MARA) on implementing a programmatic technical assistance approach to support the modernization and compliance of food enterprises in the process of accession to the EU. This technical assistance is expected to provide how-to guidance and to focus on the four specific commodities, which are considered to be the most problematic and which are subject to particular EU scrutiny: dairy, meat, animal by-products, and fish.

Project objectives: The Food Safety Programmatic Technical Assistance aims to provide a review of the structure and organization of agri-food sector focusing on selected commodities and detailed analysis of the technical and operational characteristics of a sample of related enterprises. This would then be used to provide a set of options for public investments and support for the enterprises to align with the requirements of the EU and international trading partners.

Results achieved:
This TA has focused on several areas of activity: (i) share experiences of accession preparation for countries recently joining the EU, (ii) assist MARA with the current agri-food enterprise classification, (iii) estimate cost details for the modernization needs of these companies, (iv) provide recommendations for support programs, financing estimates, and related qualification criteria and operational guidelines for such programs, (v) raise awareness of the food safety issues through communications and (vi) identify competitiveness advantages of agri-food enterprises in Turkey.

Key Partners: The Ministry of Food Agriculture and Livestock (MFAL)
Key Development Partners: French Development Agency (AFD), Agriculture and Agri-food Canada (AAFC), and FAO.
DRAINAGE, IRRIGATION AND WETLANDS IMPROVEMENT PROJECT

Project P009127

Key Dates:
Approved: June 19, 2003
Effective: February 20, 2004
Closing: June 13, 2013

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*Source Client Connection as of November 15, 2011
Note: Disbursements may differ from financing due to exchange rate fluctuations at the time of disbursement.

The Project
The project is part of the Aral Sea Basin Program approved by the heads of five Central Asian States in 1994. In Uzbekistan, in particular in Amu Darya basin, the soils are saline, and drainage systems are inadequate. The common practice is to apply large quantities of water for leaching the soils of salts. This practice results in high groundwater water levels and causes, through capillary action, the salts in the soil profile to be brought to the surface. By improving drainage, the project will break this vicious cycle of high water applications, waterlogging, and secondary soil salinization, hence requiring again high water applications for leaching the next season.

The Project Development Objectives are to: (a) increase productivity of irrigated agriculture, employment and incomes in Karakalpakstan, one of the poorest regions in Central Asia; (b) improve the water quality of the Amu Darya river by the safe disposal of drainage effluents, and enhance the quality of wetlands in the Amu Darya delta; and (c) development of institutions for improving water management, operation, and maintenance (O&M) of the irrigation and drainage systems, and for promoting sustainable irrigated agriculture through participatory irrigation management.

The Project is located in the Autonomous Republic of Karakalpakstan and will (i) improve the safe disposal of the drainage effluent discharged from a nearly 100,000 ha irrigated area in South Karakalpakstan; (ii) rehabilitate irrigation and drainage (I&D) infrastructure within this area, including the I&D systems serving the former sovkhoze and kolkhoze (FSKs) or shirkats, and also the I&D systems within the FSKs; (iii) protect and enhance several wetlands and archaeological sites; and (iv) establish water user associations (WUAs) to operate and maintain the I&D systems within the FSKs. The preparation of the next project would be supported under the project and would focus on the improvement of the drainage disposal systems in the Kashkadarya and Bukhara Vilayats.

Results achieved: The project has made good progress towards achieving its development objectives. The project activities have led to lowering of the ground water table to an acceptable level in 90 percent of the project area. The lower ground water table is bringing about desalinization of irrigated lands and is preventing secondary soil salinity. As a result, arable land that was unfit for agriculture before the project because of its salinity is cultivated now. This helps generate new employment and income in the project area. Similarly, the project has helped to improve the quality of water in the lower Amu Darya. Water salinity in the Amu Darya downstream of the project area has gone down considerably because drainage effluent no longer flows into the river. The project has helped to establish 21 WUAs to improve water management, operation, and maintenance of the irrigation and drainage systems. Farmers, members of water users associations, operators, staff of water management organizations, rural communities, and staff of local authorities (1,250 persons in total) have received training on improved agriculture and water management practices.

Key Partners: The Bank team worked closely with the Uzbekistan Ministry of Agriculture and Water Resources, which is responsible for overall policy setting as well as for the implementation of the project.

Key Development Partners include the ADB, SDC, and SIC-IWRC with whom the Bank consults on a regular basis on issues associated with irrigation development.
FERGHANA VALLEY WATER RESOURCES MANAGEMENT

Project PI10538

Key Dates:
Approved: September 24, 2009,
Effective: March 3, 2010
Closing: July 31, 2016

Financing from all co-financiers, million US Dollars:

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<tbody>
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<td>IDA Credit</td>
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<td>Govt of Uzbekistan</td>
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World Bank Disbursements, million US Dollars *:

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<th></th>
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<tr>
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<td>65.54</td>
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<td>57.60</td>
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</table>

*Source Client Connection as of November 15, 2011

Note: Disbursements may differ from financing due to exchange rate fluctuations at the time of disbursement.

The Project is part of a broader Ferghana Valley Water Resource Management Regional Program of 15-20 years, and represents the first phase of a longer term engagement in Uzbekistan. The project design addresses overall constraints to agricultural production, damage to public and private infrastructure, threats to the environment due to shallow groundwater levels in the project area, and weak capacity for efficient water resources management in both public and private sectors. The project covers three districts: Rishtan, Baghdad, and Altiarik in the Ferghana Oblast (one of the three oblasts in Ferghana Valley in Uzbekistan).

The Project Development Objective is to improve agricultural production in areas affected by water-logging and to reduce damage to housing and infrastructure from rising ground water levels and salinity in the project districts.

The Project finances improvements of subsurface drainage network and irrigation systems and rehabilitation and installation of vertical drainage networks. The project also provides support for institutional strengthening of public and private organizations involved in the enhancement of water resources management and agriculture production in the project area. Finally, the project supports operational expenditures for project management, consultancy services for auditing project expenditures, M&E of project impacts, and preparation of a future project.

Results achieved: The project became effective in March 2010. Since then, a contract has been signed for the rehabilitation of collector and drainage network and groundwater management in the Ferghana Valley, as well as for construction supervision. This is the largest procurement package in the project. In addition, project staff have been recruited, and a contract has been awarded for M&E services under FWRMP, as well as for the installation of financial management software. A contract for carrying out a feasibility study of a successor investment project in all three Ferghana Valley Oblasts is being tendered, as well as contracts for on- and inter-farm Irrigation System Rehabilitation.

Key Partners:
The Bank team worked closely with the Uzbekistan Ministry of Agriculture and Water Resources, which is responsible for overall policy setting as well as for the implementation of the project.

Key Development Partners include the ADB, SDC, and SIC-IWRC, with whom the Bank consults on a regular basis on issues associated with irrigation development.
RURAL ENTERPRISE SUPPORT PROJECT, PHASE II  
Project P109126

Approved: June 12, 2008
Effective: December 30, 2008
Closing: March 31, 2015

Financing in million US Dollars:

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<td>Beneficiary</td>
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<td>Swiss parallel financing</td>
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<tr>
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*As of August 11, 2011

Note: Disbursements may differ from financing due to exchange rate fluctuations at the time of disbursement.

Challenges: In view of importance of agriculture and its potential for adding to overall economic growth and raising rural incomes in the coming period, the Government is keen to develop ARD sector and has raised its importance on the economic agenda. A number of Government-led and also donor financed projects are being undertaken to address the major challenges created by the recent reforms. Availability of financial services for rural areas remains an acute issue, as access is more limited than in urban areas, whilst rural demand is increasing dramatically (partly as a factor of the privatization of farmers). Provision of adequate financial services to the general agri-business sector remains constrained by several factors such as lack of collateral; low capacity of banks to assess agricultural risk; low capacity of Recipients to prepare business plans; and lack of long term funding sources. Addressing these shortcomings remains a major challenge in promoting rural growth.

The Project Development Objective is to increase the productivity and financial and environmental sustainability of agriculture and the profitability of agribusiness in the project area. This will be achieved through the provision of financial and capacity building support to farmers and agribusinesses in seven regions of the Republic of Uzbekistan (covering around 65 percent of the total population of the country), and improved irrigation service delivery through rehabilitation of Irrigation and Drainage infrastructure and strengthening of Water User Associations (WUAs) in the Project area.

Summary Results to Date:
The project implementation is proceeding at satisfactory level and following results have been achieved to date:

- The Project Participating Financial Institutions continue financing agriculture and investing into rural development in the seven project regions. To date 317 sub-loan applications in the amount of US$25.7 million were refinanced in the area of agricultural machinery, food processing equipment, storage, packaging, provision of agricultural services, tree-crops, livestock, bee-keeping, fish farming, and other long-term investments.
- PFIs lending officers received technical assistance and training from the International Frankfurt School on risk assessment and credit package evaluation.
- 62 new WUAs were established on the canal/hydrographic unit boundaries, and all them were registered at the Ministry of Justice office. The project conducted 359 seminars/workshops on the improvement of water management in the seven project districts. In total 10,214 members of the Water Users Association & Basin specialists have attended these seminars/workshops.
- Since the project effectiveness a total of 269 training seminars have been conducted under the Rural Training and Advisory service component, and 14,946 farmers have been trained on different on-farm management themes.

Key Partners
Ministry of Agriculture and Water Resources; Swiss Development Agency Rural Restructuring Agency; Local Commercial banks; Asian Development Bank
DEVELOPING CLIMATE CHANGE ADAPTATION AND MITIGATION STRATEGIES IN THE AGRICULTURAL SECTOR FOR ARMENIA, AZERBAIJAN AND GEORGIA

Project P124159 (ESW)

Effective: February 2011
Closing: February 2013

Financing in million US Dollars:

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*As of October 7, 2011

Project Objective
This Regional AAA Program aims to assess the potential impacts of climate change on the agricultural sectors in the South Caucasus countries, and to identify strategies for climate change adaptation and mitigation measures to increase the climate resilience of the agricultural systems while maximizing co-benefits for sustainable development. It will involve applying the methodologies and tools developed in ECA Region to identify and quantify climate change risks for agriculture sectors and to recommend adaptation options, but going beyond adaptation to looking at mitigation measures as well. In its efforts to support ECA countries to deal with climate change, this AAA aims to increase the ability of the South Caucasus countries in mainstreaming climate adaptation and mitigation into sector-specific agricultural policies, programs and investments.

Methodology
The methodology uses multi-criteria analysis including strong participatory consultation at the agro-ecological zone as well as national levels, and rigorous modeling of crop and water yields to maintain a balance between quantitative and qualitative analysis. The participatory and qualitative approaches will enable ground-trusting, and help determine the critical climate drivers, vulnerabilities, and threshold points for agricultural production. The overall focus will be on policy relevance and possible investment guidance on on-going or future Bank operations in these areas.

Scope
The analysis and recommendations will be differentiated by agro-ecological zones (AEZs) at the country level. It would focus on the agricultural sector defined to encompass crop (including cereals/grains, vegetables, fruits, and forage) and livestock production. It will provide opportunities for client engagement with a series of stakeholder consultations to discuss direct feedback on their priorities as well as adaptation options that are being employed by them. At the national level, a sustained dialogue with the Ministers of Agriculture and Environment and other key representatives will be encouraged to help raise the profile of issues related to climate change and agriculture. Two national level workshops and conferences in each of the three countries will be organized, which will provide a forum for consultations with a wide array of stakeholders.

The modeling exercise will focus on impacts related to crop yields, livestock production, water availability and their interaction drawing on the existing experience. A pragmatic approach will be employed, depending on the availability of other supporting datasets like historic trends for climate variables. Two emissions scenarios based on potential extremes and drawing on local knowledge and experience will be considered for estimating the impacts of climate change on the agricultural sector. No modeling will be undertaken on estimating actual carbon projections accruing from the agricultural sector.

Expected Outputs
The outputs of the AAA are as follows: (i) Country Notes; (ii) Awareness raising and consultation workshops for three countries; (iii) Country-Specific Agriculture and Climate Change Impact Assessment & Menu of Adaptation and Mitigation Options for three countries; (iv) National Dissemination and Consensus-Building Conferences for three countries; (v) Regional Knowledge Exchange Conference and; (vi) Regional Agriculture and Climate Change Adaptation and Mitigation Synthesis Report.
Challenge
Predicted climate change in the ECA countries will require conscious shifts in the agricultural sector now and over the next decades. As a result of climate change, temperature will increase and precipitation will become more variable across the four countries included in this work. The direct temperature and precipitation effect on most crops is likely to reduce yields, with more severe implications resulting from water availability, droughts, floods, soil erosion, etc. Declining precipitation and increased irrigation water demands will in turn require better management of water resources. At the same time, policy capacity, strategic planning, farmers’ adaptive capacities, and access to technologies and information are low.

Project Objective
The main objective of this work has been to assist four ECA countries (Albania, (F.Y.R.) Macedonia, Moldova, and Uzbekistan) to develop strategies for climate change adaptation in the agricultural sector. The work has focused on identifying the exposure and vulnerability in agricultural sector to climate change, analyzing the potential impacts, and finally linking these impacts to pragmatic adaptation responses. Further, the work has strengthened the development of policies, programs, and institutional effectiveness for implementation. An objective has also been to raise public awareness, involve and inform decision makers, and provide a forum to exchange information and experiences within and between countries and development agencies.

Key Achieved and Expected Results:
- User-friendly Country Note on Climate Change and Agriculture was developed for each country, followed by Awareness Raising and Consultation Workshops.
- In-depth analysis of the level of exposure, extent of vulnerability, and potential impacts in different agro-ecological zones identified, and menus of adaptation options were developed. A report on Reducing the Vulnerability of Agricultural Systems to Climate Change: Impact Assessment and Adaptation Options was prepared for each country.
- High-level National Dissemination and Consensus Building Conferences were organized in each country to discuss the key results from the detailed analysis on climate impacts on agriculture and potential adaptation options to mitigate these impacts.
- Regional Synthesis Report “Adapting to Climate Change in Agricultural Systems: Lessons Learnt from the Eastern Europe and Central Asia Region” with cross-country comparisons on impacts, menu of adaptation options and opportunities for regional collaboration is under preparation.
- Draft national adaptation plans developed by each country and presented at a joint workshop in Istanbul in June 2011.
- The study has been the recipient of the ECA VPU Awards 2011 as well as the Green Awards 2011 for successfully achieving these objectives by combining an innovative approach, rigorous modeling techniques, knowledge of international and local experts, and extensive stakeholder consultations at the national and sub-national levels.

How does the project contribute to the CPS outcome indicators
The AAA supports the CPSs of the four countries with agricultural and environmental concerns.

Key Partners
The Bank works closely with the Ministries of Agriculture and the Ministries of Environment in the four countries, as well as key national and international stakeholders.

Donor coordination
Donors present in each of the countries were invited and participated in the workshops and discussions.
**Key Dates:**
- Approved: May 29, 2008
- Effective: March 6, 2009
- Closing: December 31, 2013

**Financing from all co-financiers, million US Dollars:**

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<tr>
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**World Bank Disbursements, million US Dollars *:**

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* as of November, 2011.

**Note:** Disbursements may differ from financing due to exchange rate fluctuations at the time of disbursement.

Improved water resources management and biodiversity conservation have been identified by Bosnia-and-Herzegovina (BH) and Croatia as key environmental issues in the National Environmental Action Plans of both countries. The Neretva and Trebisnjica River Basins (NTRB) water resources and the ecosystems dependent upon them play an important part in the economies of both countries and the livelihoods of over 430,000 people living in the area. Taken together, these two rivers comprise most of the Adriatic watershed of BH and Croatia, and both are crucial for energy production, recreation, fisheries, drinking water, and irrigation. They carry the (generally untreated) wastewater of the municipalities and many industries in the basins. The approach to improve the water resources management and biodiversity of the Neretva and Trebisnjica River Basins called for a joint effort of the two countries, resulting in the regional, transboundary project the Neretva and Trebisnjica Management Project (NTMP), supported by the Global Environment Facility (GEF) through a US$8 million grant, out of which US$6 million has been granted to BH and US$2 million to Croatia.

**The project aims** to provide a mechanism for the efficient and equitable water allocation among the users of the Neretva and Trebisnjica River Basin at the transboundary level, and for enhancing the basin ecosystem and biodiversity through improved water resources management, through; i) Improved transboundary water resource management; ii) Improved management and use of wetlands ecosystems and biodiversity; iii) High-priority investments for water pollution and two industrial sector investments; and iv) Public Participation and Management of Project Implementation.

**Results achieved:**
- Increased interstate cooperation and capacity for transboundary water resources management is being achieved through joint preparation of the River Basin Management Plan, which is underway, through application of the Integrated Water Resources Management (IWRM) principles;
- Level of nutrients and other pollution from municipal and industrial sources in the selected municipalities in the basin is being reduced (Rehabilitation of Bileca and Trebinje WWTP completed with Bileca treatment results better than projected, WWTPs design for Ljubuski and Konjic underway, and Surtec/Unisgal industrial wastewater recycling plant now in final design);
- Study on improved maintenance of environmental flows and improved ecosystem health and biodiversity in the basin is being undertaken and will feed into RBMP;
- Reduction of saltwater intrusion is being achieved through implementation of the Pilot irrigation program in the Neretva Delta, which is under the preparation.
- Protected nature areas in BH and Croatia have now specific plans for better management, and to make them more accessible for visitors.

**Key Partners:** In BH, the Ministry of Agriculture, Water Management, and Forestry in the Federation of BH, and the Ministry of Agriculture, Forestry, and Water Management in Republika Srpska, under the coordination of the Ministry of Foreign Trade and Economic Relations of BH; the five participating municipalities in BH; and in Croatia, the Ministry of Regional Development, Forestry and Water Management through Croatian Waters (HV).

**Key donors:** the EC, and the Governments of Spain and the Netherlands.
WEST BALKANS REGIONAL INITIATIVE ON FLOOD AND DROUGHT MANAGEMENT

Project P127762

AIS Sign-off: 10/04/2011
Concept note: 11/17/2011
Closing: 12/31/2014

Financing in million US Dollars:

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*As of January 27, 2012

Challenge

The Drina river basin is of significant importance to the economies of Bosnia-Herzegovina, Montenegro and Serbia. A large segment of the countries’ population resides within the basin and is dependent on it for sustenance and livelihood. The basin is a unique natural resource and the river has significant hydropower development potential. About one-quarter of the region’s electricity is generated by hydropower plants along the Drina river. In recent years, the Drina river basin has experienced an increasing frequency and intensity of floods. In November-December 2010, heavy rains pushed the river to record flood heights (100 year discharge). The impact of the floods was devastating with substantial economic, social and environmental losses. While heavy precipitation may have been the main driving force inducing the floods, its intensity and degree of damage was exacerbated by hydromorphological pressures in the river basin and the water releases for the operation of hydropower upstream in Montenegro. At the same time, these pressures have also caused prolonged dry periods or droughts, notably in Serbia as well as BiH, as land and water resources were largely exploited for short-term gains. Climate change is expected to further aggravate the situation, leading to an increased risk of damaging flood and drought events in the future. Models indicate that the greatest sensitivity to climate change in Europe has occurred in the drier regions of central and eastern Europe (including the Balkans). While the impact of climate change on the overall magnitude, duration and frequency of floods and droughts cannot be precisely forecasted, it is clearly evident that the entire area of the West Balkans experiencing either extreme wet or extreme dry conditions has increased notably in recent years. Climate change/variability, combined with increased water demand, changing land use patterns and inefficient water management, is expected to cause an increase in both flood and drought occurrences across much of Europe, including the Drina river basin.

Project Objective

The overall development objective of the West Balkans Regional Initiative on Flood and Drought Management is to support preparation of the Drina River Basin Management Plan based on the principles of integrated water resources management and in line with the EU Water Framework Directive. Towards this, the Initiative would promote collective management of the Drina basin water resources among the three basin countries: Bosnia-Herzegovina, Serbia and Montenegro, and help develop cross-border, cross-sectoral, participatory approaches to river basin and watershed management, balancing the interests of hydropower operation, consumptive uses in agriculture, households and industry, and ecosystem management, with due consideration of the potential effects of climate change/variability in the region. The Initiative, a 3-year programmatic effort, will initially focus on flood and drought management in the basin.

Key Expected Results (for FY12):

✓ Three national-level kick off meetings to bring together key stakeholders from all three basin countries to start a dialogue on collective management of the Drina river basin, with an initial focus on flood and drought management.
✓ Preparation of a Regional Rapid Diagnostic and Investment Scan highlighting key challenges in the Drina river basin and a list of possible priority investment programs for funding by potential donors.
✓ Regional workshop to promote regional dialogue among the basin countries to jointly set priorities for actions at the national and regional levels.

How does the project contribute to the CPS outcome indicators

The AAA supports the CPSs of the three countries with regard to sustainable water management concerns.

Key Partners

The Bank is working closely with several ministries and agencies within each of the three basin countries that are involved with water management, including inter alia, the Ministries of Water, Energy, Agriculture, Environment, and Tourism, as well as key international stakeholders (Sava River Commission) and national constituents.

Donor coordination

The Regional Initiative will work closely with potential donors, such as the EU-supported West Balkans Investment Facility and IPA Multi-Beneficiary Program
Contact
Dina Umali-Deininger, Dumali@worldbank.org, tel: +1-202-473 9071
Caroline Plante, cplante@worldbank.org, tel: +1-202-458 5400