



ADB

Central Asian Countries Initiative for Land Management  
(CACILM)

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Tajikistan: Rural Development Project

PROJECT DOCUMENT

Asian Development Bank

## CURRENCY EQUIVALENTS

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Currency Unit	–	somoni (TJS)
TJS1.00	=	\$0.290
\$1.00	=	TJS3.43

## ABBREVIATIONS

ADB	–	Asian Development Bank
CACILM	–	Central Asian Countries Initiative for Land Management
CACs	–	Central Asian countries
CIDA	–	Canadian International Development Agency
CMPF	–	CACILM Multicountry Partnership Framework
EA	–	executing agency of Global Environment Facility
FAO	–	Food and Agriculture Organization of the United Nations
GDP	–	gross domestic product
GEF	–	Global Environment Facility
GM	–	Global Mechanism of the UNCCD
GTZ	–	German Agency for Technical Cooperation
IBRD	–	International Bank for Reconstruction and Development
IA	–	implementing agency of GEF (World Bank, UNDP, UNEP)
ICARDA	–	International Center for Agricultural Research on Dry Areas
IFAD	–	International Fund for Agricultural Development
LD	–	land degradation
M&E	–	monitoring and evaluation
NAP	–	national action plan or program
NGO	–	nongovernment organization
NPF	–	national programming framework
SDC	–	Swiss Agency for Development and Cooperation
SLM	–	sustainable land management
SLMIS	–	sustainable land management information system
SPA	–	Strategic Partnership Agreement for UNCCD Implementation in the Central Asian Countries
SRAP-CD	–	Sub-regional Action Programme for Central Asian Countries on Combating Drought and Desertification
UNCCD	–	United Nations Convention to Combat Drought and Desertification
UNDP	–	United Nations Development Programme
UNEP	–	United Nations Environment Programme

## GLOSSARY

<i>dekhan</i>	–	farmer (literally, “peasant”)
<i>dekhan farm</i>	–	private or cooperative farm
<i>collective dekhan farm</i>	–	renamed collective or state farm
<i>jamoat</i>	–	administrative unit below <i>raion</i> , comprising a group of villages; also the lowest level of local government administration
<i>oblast</i>	–	province
<i>raion</i>	–	District

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## I. TAJIKISTAN: RURAL DEVELOPMENT PROJECT SUMMARY

### A. Background

#### 1. Rationale

1. Tajikistan is a small, mountainous, landlocked country, whose geographic location and history present formidable barriers to sustainable growth and development. Of the total area of 14.3 million hectares (ha), 30% is agricultural land, comprising pasture land (82%), arable land (16%), and perennial crops (2%). The total irrigated area of about 732,000 ha serves 504,000 ha of arable land, 122,600 ha of household plots, 79,500 ha of orchards and vineyards, and 25,900 ha for other uses. The main irrigated crops are cotton, grains (wheat and corn), fruits, and vegetables. About 46% of the total irrigated land is served by pumped systems. The country has a narrow economic base, with agriculture providing the major source of livelihood for more than 64% of the population. Agriculture is particularly important for the economy, contributing about 24% of gross domestic product (GDP), 66% of employment, 26% of exports, and 39% of tax revenue. Rural poverty incidence declined from 83% in 1999 to 64% in 2003.

2. **Land degradation.** Tajikistan's topography and climate makes it one of the most environmentally diverse but also ecologically fragile countries. As in all countries of Central Asia, the problem of land degradation has been intertwined with the more complex problem of agriculture sector performance, and economic performance. The two have often alternated between being the cause and the effect. Poor performance of agriculture is a concern both for livelihoods but also for future conditions of land. A poorly functioning economy tends to be an enemy of good land management and, conversely, degradation of land resources contributes to poor economic performance. Land degradation matters hugely in Tajikistan given the fact that three quarters of the country's population depend on land for their livelihood and that almost two thirds of that population is poor (65% earning less than US\$2.15 equivalent a day in 2003) and a fifth extremely poor (18% earning less than US\$1.15 equivalent a day in 2003). Rural out-migration has served to a certain extent as a safety valve and a means of livelihood support in recent years, but it can hardly be considered a solution. Instead, livelihood development needs to be addressed in the area of agricultural and other reforms.

3. **Causes of land degradation.** Like most of Central Asia, a dynamic interplay of anthropogenic factors with climatic variability is driving land degradation processes in Tajikistan. It is now generally acknowledged that land and water management practices, which among other things have failed to consider climate change and climatic variation, are among the primary causes of land degradation. Throughout Central Asia, the major risk of climate change and its variability is the combination of thermal (i.e. higher temperatures) and water (i.e. less water available in the summer) stresses. Central Asian countries (CACs) are already quite vulnerable to extreme climatic events such as droughts and floods. The frequency and magnitude of these events may well increase. Agricultural productivity in Central Asia is likely to suffer losses because of higher temperatures, more severe drought, worsening flood conditions, and increased soil erosion.

4. In Tajikistan, during the period 1961–1990, the increase of 0.7-1.2°C in the annual mean air temperature was observed in the wide valleys of Tajikistan. To a lesser degree, the growth of temperature had taken place in mountain areas by 0.1-0.7°C and only in the mountains of

Central Tajikistan, Rushan and lower reaches of Zeravshan River Basin there was a small decline in temperature of 0.1-0.3°C.<sup>1</sup> For the period from 1961 to 1990, annual mean flow in major rivers has decreased from 57.1 km<sup>3</sup>/year to 53.2 km<sup>3</sup>/year (i.e. the annual decrease was 0.13 km<sup>3</sup>/year).

5. It is very likely that during the next fifty years, hundreds of small glaciers in the Zeravshan basin will melt. The bigger ones will lose 20-30% of their ice volumes. By 2050, the ice cover in the Zeravshan River basin will be reduced by 20-25%, and the ice volume will decrease by 30-35%. As a result, the flow contribution of glaciers will be almost halved. It is very likely that climate change will increase the intensity and spread of land degradation. Long dry periods, in combination with high temperatures in spring and summer seasons, will lead to the intensification of desertification processes in Southern and Central Tajikistan. It is also predicted that destructive weather events, long lasting droughts, and diseases may increase in the future. In this regard, appropriate adaptation measures to ensure sustainable land management and the introduction of new technologies and methods of agriculture will be needed to adapt to climate change.

6. The manmade cause of degradation has been the lack of incentives to invest in safeguarding or enhancing long-term productivity of land. In Tajikistan, these underlying causes typically include one or more of the following: (i) insufficient stake in the outcome of the investment (linked to restricted ownership, or incomplete management autonomy), (ii) an environment that makes investment risky (extortion, corruption, etc.) or lowers its profitability (e.g. high transport cost, trade barriers, dysfunctional regulations, etc.), (iii) low capacity on the part of the authorities to impartially enforce laws and regulations, (iv) uncertain and changing policies, (v) the high incidence of poverty, (vi) undeveloped use of credit, (vii) insufficient or inappropriate technical know-how, and (viii) reaction to a sudden change in the financial and livelihood parameters confronting local communities. Where integrity of ecosystems matters, the causes also include factors that contribute to the decline of the ecosystems' critical mass: policies uncoordinated in space and investment support conceived without taking into account the requirements of ecosystem conservation requirements.

7. **Categories of land degradation and its impact.** The principal categories of land degradation in Tajikistan include (i) irrigation-related land degradation, in particular secondary salinity, waterlogging and irrigation-related soil erosion, (ii) soil erosion in rainfed farmlands, (iii) pasture degradation, (iv) degradation of forests and related loss of biodiversity, and (v) other forms of land degradation (e.g. soil contamination, damage created by careless infrastructural development etc.). Concerns also exist about degradation of parts of the nature reserves and fragmentation and reduced resilience of important land ecosystems such as semi-desert pastures or several of the special types of forest and shrubs of the middle mountains. As for land degradation in category (i), year 2000 data indicate that about 90,000 ha of irrigated land (out of 720,000 ha of irrigable land) were in an "unsatisfactory" condition, about half of that on account of waterlogging, a quarter because of salinity, and the remaining 25% experiencing both conditions. With respect to category (ii), its significance and trend are affected by a surge in wheat growing on former pasturelands at the height of food shortages during the emergency conditions of the mid-1990s. According to the National Action Plan, currently 97.7% of the

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<sup>1</sup> Republic of Tajikistan Ministry for Nature Protection, Main Administration on Hydrometeorology and Environmental Monitoring. The First National Communication of the Republic of Tajikistan to the United Nations Framework Convention on Climate Change. Dushanbe, 2002,

country's agricultural lands are suffering from erosion, as compared to 68% in 1973. The erosive processes have been especially active in the foothill regions.

8. Land degradation in Tajikistan matters to the region and the world. Tajikistan and the neighboring Kyrgyz Republic feature physical environments with a unique topographical variety and biological specificity. Some or all of the Tajik ecosystems such as the mid-mountain xerophytic forest, mid-mountain juniper forests, semi-desert and desert landscapes, are under a variety of pressures that range from a winter energy deficit leading to deforestation to pastureland mismanagement (or lack of management). The pattern of degradation poses threats to the integrity of these regionally and globally important ecosystems.

9. **Rural Development Issues.** While agriculture is contributing to the economy of Tajikistan, it is underperforming and therefore is not significantly reducing rural poverty. The main factors inhibiting more effective agriculture growth and development of rural areas include the following:

- (i) land is in various stages of privatization, with inadequate allocation and registration of rights;
- (ii) farm productivity is generally low and unprofitable;
- (iii) irrigation systems continue to deteriorate;
- (iv) soil degradation (declining soil fertility, increasing salinity, water logging, etc.) is serious and increasing;
- (v) deforestation has accelerated;
- (vi) availability of and access to finance is limited;
- (vii) farm machinery is obsolete, inadequate for the changing management and size of farms, and rarely in working order;
- (viii) agricultural research and extension and statistical information services have shrunk substantially, are generally ineffective, and do not address the needs of emerging private farms in a market-oriented economy;
- (ix) marketing, both domestic and export, is severely constrained by numerous informal trade barriers, generally weak demand for food in a largely subsistence economy, and poorly understood functions of organizations and personnel that manage market structures;
- (x) the vocational education system does not offer the formal and informal training needed by farmers and small businesses, many of whom have limited business experience;
- (xi) livestock are predominantly raised by households, mainly for subsistence, and the subsector is constrained by lack of markets and land for fodder and grazing;
- (xii) value-added agro processing is limited;
- (xiii) coordination among public sector agencies remains limited, as does their capacity to implement or enforce reforms and project activities;
- (xiv) the sector employs more than half of all women in rural areas, since a substantial proportion of the men migrate to Russia to work, but they are underrepresented in decision making, access to land, and training programs;
- (xv) a new system of services, based on private ownership and market principles, is emerging slowly, but new institutions are slow to develop in the absence of an enabling business environment, finance, farm profitability, and demand for inputs and services; and
- (xvi) the Government is increasingly devolving functions and responsibilities to local government and communities (e.g., irrigation rehabilitation), but not all have the resources and skills for decentralization to be effective.

10. There is a need to pursue and improve the process of land reform to secure farmer rights to land as a principal driver of sustainable land management (SLM) in Tajikistan. It is essential to address several gaps in the enabling environment: (i) absence of policies on management of pasturelands, other rainfed lands, and forests; (ii) poor state and management of information relating to the conditions of land; (iii) slow and superficial implementation of the land reform program; (iv) insufficient collaboration among the key Government agencies charged with land administration and management; (v) under-funded research out of tune with the needs of land-using sectors undergoing extensive restructuring; and (vi) poor translation of SLM priorities into regular budgets and official investment programs.

## **2. Government Responses**

11. Land degradation is a major concern of the Government of Tajikistan's Program of Economic Development until 2015. In the national report of the Republic of Tajikistan to combat desertification (2002), prepared by the State Committee for Land Management, several initiatives addressing land degradation issues are mentioned. As an example, two laws related to addressing land degradation were passed in 2001. The laws were on the economic estimation of land and on land management. The report also states that in recent years, local government authorities have budgeted funds for activities aiming to reduce land degradation, such as tree planting, combating salinization, and the improvement of pastures. That said, the centerpiece of the Government's efforts to raise land productivity and to address land degradation has been its land reform program. The aim is to transform about 500 large kolkhozes (collective farms) and sovkhoses (state farms) into a more responsive and efficient sector by creating new forms of farm enterprises supported by the right to lease land. By 2004, a total of about 13,500 units had indeed been created of which 10,600 were individual dekhkan farms, and another 2,100 dekhkan farms (to be distinguished from the old kolkhozes). As a generalization, the policy towards land management has been in the correct direction but lacks depth and is incomplete, with implementation the weak link. It is clear that external financing will be needed to assist Tajikistan in combating land degradation through mainstreaming into policy, legislative, planning and budgeting and in developing appropriate mechanisms and practices to effectively redress the increasing incidence of erosion.

12. Tajikistan has played an active role in the Central Asian Initiative on Land Management (CACILM). CACILM is proposed as a 10-year program of country-driven action and resource mobilization (July 2006–June 2016) to support a sequenced set of high-priority activities to achieve: (i) strengthened policy, legislative, and institutional frameworks, creating conditions conducive for sustainable land management; (ii) increased capacity of key institutions responsible for planning and implementing land management interventions; and (iii) improved land management and natural systems through the combined impact of appropriate enabling conditions and targeted project investments.

13. The CACILM Multicountry Partnership Framework (CMPF) provides a comprehensive package of actions and activities that together will bring about adoption of SLM broadly across the Central Asian Countries with attendant global benefits of restored and protected ecosystems, biodiversity conservation, improved quality of transboundary rivers, and adaptations to address climate change. The CMPF guides the activities of the CACILM partnership. The CMPF will undertake: (i) program coordination, (ii) multicountry activities, and (iii) support for implementation of country level investments and technical assistance.

14. Within the CACILM Framework, Tajikistan has developed a National Programming Framework for Sustainable Land Management (NPF) as part of CACILM. The NPF defines and



describes the problems of land degradation; analyzes the natural and human-made causes of land degradation in the unique historical and cultural contexts of each country; and present a prioritized program of projects and technical assistance, and related concept papers. A series of multi-stakeholder meetings were held to develop the NPF in a participatory manner. The NPF drafts were then reviewed at national workshops in November 2005 and February 2006. The NPF contains mechanisms for ongoing consultation and coordination at national level that will further enhance participation of stakeholders and increase awareness and commitments by national and development cooperation partner stakeholders. This proposed Rural Development Project has been identified as one of the priority projects in the NPF to assist the Government in addressing land degradation.

15. As part of the Tajikistan NPF, the Rural Development Project is programmed to receive a \$3.5 million dollar grant from the Global Environment Facility to: (i) address enabling policy, institutional, and capacity limitations and enhance incentive mechanisms for improved land management, in particular, pasture land management; (ii) demonstrate an integrated and participatory approach, and foster increased coordination among line agencies to ensure an integrated, participatory approach to project activities and results; (iii) implement a “bottom-up” approach, with involvement of local communities and all stakeholders in identifying, planning, implementing, and monitoring sustainable land management; (iv) pilot test innovative pastureland production systems and cropping systems; (v) achieve a synergy among biodiversity conservation, carbon sequestration, and land degradation control objectives through practical, sustainable agriculture, pastureland management, and rural development activities; and (vi) include a structured monitoring and evaluation (M&E) component to generate lessons to greatly increase the potential for replicability of the Project. The GEF support will result in generation of local, national and global benefits.

## **B. Objectives**

16. The Objective of the Project is to promote sustainable agricultural growth and rural well-being through raising productivity and incomes of rural households and sustainable management of arable and pasture lands, and improving enabling environment. With GEF assistance, the Project will address policy and institutional capacity building to strengthen SLM, improve the incentives for uptake of best practices and innovative technologies and be a catalyst to foster system-wide changes to remove on going barriers in areas of policy, institutional, technical and capacity constraints to SLM at the country level. It will also promote demonstration and up-scaling of successful SLM practices for mitigating land degradation.

## **C. Project Approach**

17. The Project takes a holistic and coordinated approach to rural development to address problems and constraints, enhance opportunities, and integrate agriculture more effectively into the rural economy. With the GEF Alternative, this approach will be further reinforced to focus on some key constraints to SLM. First, the focus will be on strengthening pasture lands planning and incentives for sustainable management of pasture lands as a valuable, though highly vulnerable, ecological resource. Second, a balanced approach will be promoted to the use of land resources as a source of livelihood by strengthening capacity building for integrated land management. Third, special attention will be directed to management and rehabilitation of pasture lands, arable land and forest land as productive resource to be used in a conservation friendly manner. This will be done through a result-oriented approach. For this purpose, the Project, with GEF assistance, will support systemic monitoring and evaluation of project

environmental impacts, which will generate local benefits with global spin-offs. The Project will pilot an integrated area-based approach comprising five contiguous raions. This approach will initially develop a clear, realistic, and prioritized strategy that will increase the productivity of farms and non-farm enterprises within an environmentally sustainable management framework with an emphasis on sustainable land management, and increase the scope and depth of economic opportunities for farm and non-farm rural residents. This approach, with the support of the Government and partnership with other development agencies in the area, will improve the coordination of development activities, efficient use of resources, and effective implementation and monitoring of development activities; generate economies of scale for marketing and processing activities; more effectively stimulate and encourage private sector development through farmers' groups, cooperatives, and private companies; and provide a more dynamic environment for piloting and implementing policy, legislation and regulations, and institutional mechanisms underpinning a process of policy and institutional reform.

18. **Project area.** The selection of the five raions participating in the project has been approved by the Project Steering Committee. They are: Faizobod, Rogun, Rudaki, Vahdat and Varzob (see map Annex H). Poverty is widespread, and exceeds 60% in these raions. The topography of the five project raions is highly variable. Rudaki is at low elevation with relatively low relief; Faizobod is centered on a wide, shallow valley surrounded by hills; Varzob and Rogun raions are largely mountainous; and Vahdat raion includes both flat valley land and a large, high mountain hinterland. These raions are all located 17–65 km from the capital city of Dushanbe. This presents an opportunity to augment the demonstration value of the project, as given the proximity to Dushanbe, project activities and impacts will be more easily visible to central level decision makers, which could increase the chances of success in mainstreaming and replicating the project approach.

#### **D. Impact and Outcome**

19. The expected impact of the proposed project is increased scope and depth of economic opportunities for farm and non-farm rural households. The outcome is to increase the productivity of farms and non-farm enterprises within a sustainable land management framework. With GEF involvement, the incremental benefits will be an improved enabling environment for sustainable management of arable, pasture and forest lands. A total of 350,000 ha of poorly managed pasture lands, besides arable and forest lands, will be improved as a combined result of baseline and GEF assisted activities, with global benefits being qualitative but significant in terms of demonstration (and spread) of best practices on conservation friendly techniques for pasture land management, institutional models at local level of governance and ecosystem stabilization, agro-biodiversity, carbon sequestration and climate change adaptation in tandem with land degradation control.

#### **E. Activities and Project Components**

20. The Project has five components—four technical and one project management—with related outputs and activities: (1) policy and institutional development and reform; (2) sustainable land management (pasture, arable, and forest); (3) agriculture and rural business support; (4) rural infrastructure development; and (5) project management.

##### **Component 1: Policy and Institutional Development and Reform**

21. This component comprises a set of policy and institutional reforms aimed at expediting fair and equitable completion of the land allocation and registration process, improving the

management and use of pasture lands, and improving the business environment at raion level for rural enterprises to develop. This component has three outputs.

22. Output 1.1: Land Use Rights Secured. To improve the security of land use rights for farmers, the Project will:

- (i) implement a program, using existing agencies, to: (a) make raion officials aware of the restrictions on their powers under the Land Code and related legislation, and the rights of farmers to be free from interference, and (b) ensure that farmers are aware of their rights and have knowledge of the support services for arbitration and legal redress currently available;
- (ii) using existing agencies, support legal literacy and legal aid initiatives aimed at strengthening the knowledge of local communities on Land Code related rules, processes, and institutions, with an emphasis on land registration. A survey of recent and current practices in land registration in the Project area will be conducted to identify the nature of the impediments to effective land registration, identify good practices in dealing with land registration disputes, and discuss and agree with raion administrations good practices to be implemented under the Project. The result of this review will inform the content of the legal literacy and legal aid initiatives which will be supported by the Project at the raion and jamoat levels;
- (iii) complete the issuing of land certificates for all dekhan farms, in consultation with appropriate government agencies and ongoing development projects active in land registration;
- (iv) provide a mechanism and support for farmers to resolve land disputes in a fair, equitable, transparent manner, and without recriminations by local authorities. This mechanism will include support from existing national agencies, development partner projects and Project Management Unit (PMU) staff; and
- (v) monitor the performance, practices and outcomes of the land allocation and registration process in each raion through the PMU and in association with other agencies. The performance will influence the availability and allocation of funds for infrastructure investment.

23. Output 1.2: Policies and Institutions for Pasturelands Improved. To improve pasture land management, the Project will:

- (i) conduct an international conference on pasture land management to: (i) examine current practices in Tajikistan, (ii) identify good international practices relevant to Tajikistan; and (iii) raise awareness regarding problems of management;
- (ii) undertake an assessment of the pasture land sector to prepare a roadmap for policy, strategy, legislation, capacity development, and investments. The assessment will include (a) a strategic analysis of pasture land systems for livestock production in Tajikistan, (b) a comparison of global good practices in comparable environments to assess the potential improvements for Tajikistan. This strategic approach will be aimed at establishing the conditions under which pasture lands can be sustainably managed. Particular attention will be paid to establishing framework conditions to address (i) pasture land degradation (ii) the winter feed issue, (iii) long-distance transhumance, (iv) alternatives to transhumance, (v) householders' access to grazing resources, (vi) improving practices in the use of pasture land, and (vii) reducing incentives for informal

arrangements and loss of revenue by increasing administrative transparency – whilst retaining incentives for land users to improve management and production levels. An outline of the sector assessment is shown in Supplementary Appendix B; and

- (iii) prepare a national vision, policy, strategy, and investment program for sustainable pasture land management. In addition, draft legislation and regulations will be prepared to facilitate implementation of the recommendations. National and regional workshops will be convened to explain the results and the implications for the concept and process of reformed pasture land use, and administration at the raion level for pasture land management.

24. **Output 1.3: Administration and Institutional Aspects of Business Development Improved.** To address the varying business environment amongst the raions, the Project, through the PMU, will:

- (i) conduct an economic study to demonstrate the costs of administrative interference in farm and business decision-making in terms of reduced investment and lost productivity;
- (ii) train raion and jamoat staff in the equitable and transparent interpretation of business legislation and help them identify, post, and regularly update a list of fines and penalties linked to specific violations of laws and regulations;
- (iii) pilot a simplified registration procedure for businesses and dehkan farms; and
- (iv) monitor changes in the business environment and performance of raion and jamoat authorities.

## **Component 2: Sustainable Pasture, Arable and Forest Land Management**

25. This component comprises a set of linked activities to address the need for better land management, including improved integrated pastureland and livestock techniques, enhanced capacity, and reversals in land degradation. This component has three outputs.

26. **Output 2.1: Pastureland and Livestock Planning and Management Skills Demonstrated.** The prioritized recommendations from the pastureland and livestock management study sector assessment (output 1.2) will be piloted in the Project area. New techniques and approaches to grassland and livestock planning and management will be demonstrated to improve pasture land conditions within an economically, socially and environmentally sustainable framework. The pilot areas will serve as trial and demonstration areas as a precursor to Project wide expansion. These activities will be coordinated with the capacity development activities and advisory services in outputs 2.2 and 3.1, respectively.

27. To demonstrate the new approaches and techniques the Project will:

- (i) establish pilot sites with different farming systems to demonstrate the application of new pasture land and livestock planning and management techniques;
- (ii) rehabilitate and revegetate selected pasture lands;
- (iii) design monitoring protocols required for farm-level planning and management of pasture land-based livestock production systems, including monitoring of the impact on social organization;

- (iv) train local specialists in monitoring techniques and implement the monitoring systems by concerned organizations, with repeated surveys of indicators at appropriate seasons and points in the production cycle; and
- (v) adopt the methodology and planning for expansion within the Project area.

28. **Output 2.2: Capacity for Effective Land Management Improved.** The introduction of new concepts of pasture land and livestock management based on holistic thinking about economic goals, the social context, environmental conditions and processes, animal behavior and resource constraints requires the establishment of a new cadre of skilled personnel and institutional capacity to provide advice and further training to meet the needs of the country. To address current capacity limitations the Project will:

- (i) through an internationally accredited institution, develop and implement curricula on pasture land management appropriate for university and/or vocational level institutions;
- (ii) select a Tajikistan educational institution and train teaching staff;
- (iii) identify and support an appropriate organization to establish a network of cooperating institutions to disseminate good practice in sustainable land management. This network could include Tajikistan research and educational institutions, Government agencies, development partner projects, and international organizations;
- (iv) use established demonstration sites (output 2.1) with the objectives of providing practical training for students, demonstrating successful practices, and increasing outreach, including links with extension services (output 3.1); and
- (vi) provide short-term (up to 3 months) overseas university level training for a number of faculty members in the selected educational institution.

29. **Output 2.3: Degraded Land Rehabilitated.** This output will focus on arable, cultivated marginal land, and forestry-pasture lands, as pasture land is addressed under outputs 2.1 and 2.2. The Project will:

- (i) assess the degradation of these lands at the raion level in the Project area to identify the causes, status, and impact of land degradation to improve decision making for land management. This activity is expected to be coordinated with the Central Asian Countries Initiative for Land Management (CACILM), which will be conducting a land degradation assessment (scheduled for 2007) to gather baseline information for a sustainable land management information system;
- (ii) pilot demonstrations of sustainable land management practices to develop and promote improved land reclamation and innovative on-farm technologies (e.g. levelling, sub-soiling,); and demonstrate enhanced agronomic practices (e.g. integrated pest management) for efficient and equitable water management. The enhancement of agronomic practices will include crop rotations and minimum tillage to reduce inputs, improve soil fertility, and generate carbon sequestration benefits;
- (iii) revegetate and/or undertake other rehabilitation measures of selected areas based on the results of the land degradation assessment; and
- (iv) undertake community forestry activities including selection and implementation of demonstration sites, establishment of user groups, training, and workshops.

### Component 3: Agriculture and Rural Business Support

30. This component comprises a set of linked activities aimed at improving the productivity and profitability of farming systems, stimulating rural business activity, improving farmers' and rural entrepreneurs' access to information, credit, and advice; and establishing a market information system. This component has two outputs.

31. **Output 3.1: Demand-driven Farm and Rural Business Advisory Services Established and Sustainably Operated.** To support the establishment and sustainability of the provision of agriculture and rural business advisory services in a results-based manner the Project will

- (i) in consultation with existing agencies operating in the Project raions and other agriculture and/or rural business support services elsewhere, the PMU will undertake an assessment of the demand for agricultural and rural business advisory services to determine the number and size of advisory centers to be established and the training and advice required to be delivered by the centers to meet the needs of farmers and enterprises;
- (ii) contract NGOs to establish agricultural and rural business advisory centers to serve dekhan farmers, households, and rural businesses. The NGOs will be required to work closely with other organizations such as relevant research and educational establishments, development partners, and other national and international agencies;
- (iii) each advisory center will be staffed with specialists, the number and type depending on the need in each raion, up to a maximum of eight management and technical specialists and adequate support staff in each center;
- (iv) the centers will concentrate on providing technical and economic advice which is specific to the agricultural and horticultural on-farm activities and agriculture value chain services in the Project area and in accordance with the needs and resources available to farmers, households, and businesses
- (v) training courses for groups of farmers will be provided on crop and livestock production techniques; pasture and grassland management and forage conservation (in association with activities under component 2); integrated pest management; animal health; crop harvesting and storage; sources and availability of farm inputs; and current legislation affecting farm activities;
- (vi) establish demonstration plots to show farmers practical techniques to improve farm productivity, profitability, and the quality of produce;
- (vii) develop and improve the knowledge and skills base of the advisers. This will initially be the responsibility of the contracted NGOs in cooperation with the organizations referred to in clause (ii) above. In addition, the Project will explore the options for developing agriculture extension and farm management programs at an appropriate educational institution, similar to that proposed for pasture land and livestock management;
- (viii) through the advisers, assist farmers to find suppliers of physical inputs such as seed, fertilizer, pesticides, fuel, feedstuffs and medicines, as well as machinery parts and services. Groups of farmers will be established as informal buying groups for inputs, and to improve access to markets by working with processors, and helping farmers with access to post-harvest technology, transport and storage; and
- (i) through the business advisers, provide services to farmers and businesses on: diversification opportunities; domestic and export marketing; appropriate

processing outlets and cool chain facilities; business planning; credit applications; the formation and establishment of groups for input supply, production, marketing, machinery, processing etc.; and establishment and registration of businesses.

32. To enhance the sustainability of the advisory centers, the Project will explore mechanisms for these centers to be established initially as public associations or within four years of their establishment.

33. To address the limited availability and access to micro and rural finance, the Project will provide a US\$4.0 million credit line for on-lending for working capital and investments to small rural borrowers – dehkan farmers and rural entrepreneurs in the Project area. The preferred mechanism for lending is through microfinance institutions (MFIs) given their existence in the Project area and their higher level of lending to agriculture, relative to commercial banks.

34. It is expected that up to 3 MFIs could participate in the Project. For an MFI to participate, in addition to being a microfinance deposit organization (MDO) or a microfinance lending organization (MLO), it will have to: (i) have its accounts audited by an international audit company; (ii) adhere to the National Bank of Tajikistan's (NBT's) prudential standards; (iii) be prepared to on-lend funds in all Project raions, unless it is agreed by the Government and ADB that full coverage by a single MFI is not necessary, provided all participating MFIs cover all five Project raions; and (iv) provide a business plan, acceptable to ADB, and update annually, for their proposed outreach and product development in the Project area to demonstrate their ability to serve small farmers and agribusinesses. Due diligence on all potentially qualified and interested MFIs will be undertaken at the start of the Project after which the final list of qualified MFIs will be selected and agreed with ADB.

35. Output 3.2: Market Information System Operational. To address the market information gap the Project will:

- (i) establish a market information unit (MIU) to collect reliable and statistically valid information on prices in markets in the Project area, Dushanbe, and other major urban areas; the cost of inputs and supply sources; market trends; and provide regular information through various media. The establishment of the MIU will be tendered to agencies active in agricultural information dissemination to enhance likely sustainability of the unit; and
- (ii) assist the MIU to research import substitution and export opportunities and requirements by country/destination. The unit will analyze the information and compile it into a readily useable format and share it with agriculture and rural business advisory services (output 3.1). The MIU will also assist with the identification of foreign buyers and investors.

#### **Component 4: Rural Infrastructure Development**

36. This component will strengthen the capacity of raions and jamoats/communities to plan, implement and maintain infrastructure, and support investments in small scale construction and

rehabilitation of local public infrastructure at raion and jamoat level. Eligible investments will help overcome difficulties in agricultural and rural development currently encountered because of lack of suitable road or bridge access; failed irrigation and drainage systems; inaccessible drinking water supplies; and, poor electricity generation and distribution.<sup>2</sup> This component has two outputs.

**37. Output 4.1: Raion and Jamoat Planning and Maintenance Capacity Improved.** To address the limited planning and maintenance capacity the Project will:

- (i) establish a Raion level working group comprising sector representatives from the Raion Administration to: identify, prioritize and plan infrastructure subprojects at raion and community level for rehabilitation and/or construction; work in partnership with community based organizations (CBOs) in agreeing on subprojects for financing; submit projects to the PMU; oversee the construction activities; and ensure effective operation and maintenance of completed subprojects;
- (ii) establish CBOs to identify and prioritize infrastructure needs, agree on cash or in-kind contributions; determine appropriate operation and maintenance activities and financing; and work in partnership with the Raion Working Group;
- (iii) assist both raions and jamoats in preparing broad based plans for each sub-sector in which project proposals will be submitted. These plans will provide an overview of the sub-sector needs, the current state of assets, existing maintenance programs (including past funding), future infrastructure needs, proposed maintenance plans and funding for existing and new infrastructure, and the process for identification and prioritization of investment proposals;
- (iv) provide training in planning processes and preparation of investment proposals;
- (v) assist in developing linkages between the investment maintenance proposals and available funding; and
- (i) provide adequate equipment (computers, printers, copiers and associated software and accessories).

**38. Output 4.2: Raion and Community Infrastructure Improved with Sustainable O&M Arrangements.** The Project, through the PMU, will support raion officials to enable them to:

- (i) ensure there is adequate willingness and ability to pay for ongoing operations and maintenance of rehabilitated or developed infrastructure;
- (ii) establish annual maintenance plans for all infrastructure rehabilitated or developed under the Project;
- (iii) ensure that each community provides the agreed level (10% of the total value of labor and materials) of financial support, or contributions in kind, towards maintenance, in order to remain eligible for further works;
- (iv) establish local maintenance units or user groups (e.g. water user associations), where this is the most cost effective solution to maintaining infrastructure in good working condition;
- (v) ensure that engineering drawings, plans and specifications are of the specified standard;

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<sup>2</sup> Social infrastructure projects, such as schools and health services, which fall outside the broad definition of infrastructure supporting the agriculture sector, will not be eligible for funding, nor will investments in activities and locations where international funding agencies such as ADB have similar services planned or under implementation.



- (vi) assist with procurement; and
- (vii) supervise civil works to ensure that they comply with specifications.

39. For any raion or community infrastructure subproject to be accepted for funding, it must be demonstrated that: (i) an assessment has been made of the level of potential benefits, and the number of beneficiaries for each of the subprojects proposed; (ii) proposed subprojects have been prioritized objectively in relation to quantified benefits and number of beneficiaries; (iii) communities have been involved in the consultative process for the identification of priority infrastructure; (iv) the subproject is technically feasible, economically viable and represents the most cost effective alternative; (v) an environmental impact assessment has been conducted in accordance with the Initial Environmental Examination (IEE); (vi) adequate O&M and funding arrangements have been considered, based on consultations with local communities; and (vii) all required governmental approvals have been obtained.

40. Funding for infrastructure subprojects will be limited to \$250,000 for raion infrastructure and \$50,000 for community infrastructure on an individual subproject basis. Funding will be provided in three tranches in years one, three and five. Funds will be released to each Raion only when the performance targets agreed between the Government and ADB for Component 1 have been met. These performance targets will be based on the following indicators: (i) land is allocated through an improved transparent process; (ii) registrations of farmers' land increases annually; (iii) an effective and fair system for resolving land disputes is operational; (iv) a simplified and transparent registration procedure is introduced and continues to operate effectively; and (v) planning and maintenance of infrastructure financed from earlier tranches is satisfactory. 50% of the funds from each tranche will be distributed equally to each of the five Project raions and the remaining 50% will be disbursed on a competitive basis to be assessed by the PMU in accordance with the prioritization assessment; the feasibility of the proposed subproject investment; the demonstrated physical and financial capacity to maintain the infrastructure; and satisfactory maintenance of previously funded infrastructure. Funds from each tranche release will be allocated twice yearly based on the receipt of acceptable proposals from the Project raions. Proposals for infrastructure subprojects will be submitted to the Raion Working Group for consideration and transmission to the PMU for final approval. The PMU will assess each subproject proposal and submit the prioritized list to the PSC for endorsement. Any major deviation from the PMU recommendations will have to be explained and submitted to ADB for approval. ADB will review the process of assessing, prioritizing, and approving proposals during review missions.

41. For the community infrastructure subprojects, training in priority setting at the jamoat level will be based on simplified techniques that are appropriate for the scale of investment to be considered. Therefore greater emphasis will be placed on participatory consensus decision making at a local level. The PMU will work directly with the Raion working groups, jamoats, and CBOs as appropriate to agree on infrastructure priorities, and specific plans. The PMU will also ensure that "elite capture" does not occur simply by working through dominant local community institutions and that women's priorities are properly reflected in the identification and prioritization process.

42. As part of the application process, local communities will be required to commit to meeting the O&M costs prior to subproject approval. Communities will be required to provide a contribution of 10% of the total value of labor and materials for each subproject. Labor inputs at current market rates will be considered an adequate contribution. If labor inputs are likely to impose an undue burden on women and girls in the Project area, the level of community contribution may be adjusted by the PMU. As far as possible, local procurement will apply.

Local institutions and personnel will be used to complete work, and where feasible use labor intensive approaches.

43. **Component 5: Project Management.** Project management will be conducted through the PMU in the MOA. In addition, management support will be sought for selected activities either through cofinancing arrangements with other development partners, subcontracting of local institutions or NGOs, and service support from agencies specialized in the delivery of such services. Further details of project management are described under section I Implementation Arrangements.

## **F. Key Indicators, Assumptions, and Risks**

44. The key indicators of success will be a mix of quantitative and qualitative indicators: (i) increase in productivity and incomes - non-farm incomes of rural households increase 35%; (ii) 25% of participating farms reach a commercial level of production (over 50% of produce sold for cash); (iii) the extent of uptake of recommended technologies or practices; (iv) strict enforcement and transparency in the application of rules, regulations and laws; (v) carrying capacity of pastures is to be maintained or increased on target pasture lands; (vi) carbon storage per hectare increases (targets to be identified); (vii) carbon storage per hectare increases (targets to be identified); agro-biodiversity increases (indicators and targets to be identified). The effectiveness of project performance is predicated on a number of assumptions, such as: (i) improved land use security through facilitation of the ongoing farm restructuring and land registration process; (ii) increased productivity due to assured access to credit, agricultural support services, and timely input supply; (iii) sustainable management of ecological resource base, pasture, arable and forest lands; and (iv) improved incentive framework for farmers and pasture land users. Political and macro-economic stability and continued commitment to the reform process are important assumptions for any change management.

45. Project performance and outcomes are also dependent on the extent to which major constraints are addressed or neutralized through countervailing measures. These constraints are: (i) poorly defined and ambiguous land use rights; (ii) distortionary interventions by local government agencies in on-farm production and marketing decisions; (iii) very poorly developed input supply markets; (iv) lack of functioning agricultural extension and rural business advisory services; (v) lack of access to credit for on-farm investments, agribusiness, and other rural enterprises; and (vi) deteriorating farm and non-farm rural infrastructure.

46. There are some risks associated with the Project. The success of market-oriented private farming and agribusiness depends heavily on the provision of secure land use rights to farmers and an improved enabling business environment. While appropriate legislation exists, these laws are variously translated into meaningful actions at the local level. The implementation of the land use reform and farm restructuring program without any unnecessary intervention from regional and local government authorities is important for the success of the Project. The Project attempts to reduce this risk through continuous dialogue with higher levels of government, and necessary training and capacity development for both farmers and local government officials, to facilitate the reform process.

47. The Project is a combination of investments, policy reforms, capacity development, and dissemination of technical and business-related knowledge. The knowledge and capacity development components, generally, have much higher multiplier impact, but the benefits are long-term and mostly intangible. There is a risk that investment components, particularly infrastructure components, may assume a prominent role in the Project and take resources

away from the policy, capacity development, and knowledge components. The Project will address this risk by setting a cap on the infrastructure component.

48. The development partner community has noted corruption, fraud, and abuse of funds in previous and current projects. ADB will address these issues by ensuring proper accounting and procurement staffing of the PMU. In addition, an independent audit of accounts will be conducted by a certified and reputable auditing firm to reduce the risk of misuse of ADB funds.

49. Poor financial management capacity of the government agencies poses a financial management risk. Adequate capacity will be built in the PMU to reduce this risk.

50. Another potential risk to the Project is a drop in the prices of agricultural commodities due to oversupply. The main market targeted by the Project is Dushanbe, and its growth in demand is limited. The Project plans to mitigate this risk through improved processing of agricultural products by providing credit and business development support services. In addition, the business development service will explore possibilities for improving the export of fresh and processed produce

## **II. COUNTRY OWNERSHIP**

### **A. Country Eligibility**

51. Tajikistan acceded to the United Nations Convention to Combat Desertification (UNCCD) on 16 July 1997.

### **B. Country Drivenness**

52. The project is consistent with the priorities of the Government as identified in the national programming framework (NPF) under CACILM. The NPF was prepared by the ten-member Tajikistan UNCCD National Working Group, which was established in 2003 and is chaired by the UNCCD Focal Point, the Chairperson of the State Committee on Land Management. The NPF includes a reform and investment program, of which the overall objective is to help restore, sustain and enhance the productive functions of Tajikistan's land resources. Activities are proposed under ten program areas, which range from strengthening the enabling environment; integrating sustainable land management (SLM); promoting the sustainable development of rainfed and irrigate lands; promoting the sustainable management of forests, woodlands, and pastures; promoting integrated resource management, protected area management and biodiversity conservation. The ten-year investment program is divided into three phases (2006-2008, 2009-2013, and 2014-2016). This proposed Rural Development Project has been identified as one of the priorities in the investment program, to be funded in Phase 1 and implemented over seven years.

53. The process of developing the NPF used the existing national documents on land degradation as a starting point, such as the National Action Plan to Combat Desertification (NAPCD) which was endorsed by the Government in 2001, the National Strategy and Action Plan on Biodiversity Conservation and Sustainable Use (completed in 2002) and the Poverty Reduction Strategy Program (PRSP). The PRSP set out a broad reform agenda including the policy reforms considered necessary in agricultural and land use practices.

### III. GEF PROGRAM AND POLICY CONFORMITY

#### A. Conformity with GEF Operational Program and Strategic Priorities

54. The proposed project is consistent with the guidelines of GEF's land degradation focal area. It is in line with the GEF Operational Program 15 on Sustainable Land Management. The project is aimed at removing the major SLM barriers in order to improve productivity, devise innovative practices for SLM, disseminate relevant knowledge, and generate benefits across several GEF focal areas. More specifically, the Project objectives are consistent with strategic objectives of the GEF Land Degradation Focal Area. Through an area-based project, the policy and institutional development and reform component of the project is intended to foster system-wide changes through addressing some crucial institutional and policy barriers from the perspective of SLM. Through a process of exchange and sharing of experiences, these changes will influence policy orientation in other countries in the region, through a process of mutual interaction and cross-fertilization, with potential global benefits. Thus, the project conforms to the LD Focal Area Objective 1: "To create an enabling environment that will place Sustainable Land Management (SLM) in the mainstream of development policy and practice at regional, national and local levels." The Project will also undertake demonstrations to promote best practices in crop production technologies, pasture lands management and improved land use. Many of these activities will be suitable for up-scaling and replication beyond the country. The dissemination and sharing of knowledge on sustainable pasture management, an important activity of the project, is in full conformity with GEF LD strategic objective- 2, which emphasizes generating "mutual benefits for the global environment and local livelihoods through the up-scaling of SLM investments".

#### B. Benefits from GEF Support

##### 1. Without GEF Scenario

55. The baseline scenario is one where the Government working on its own and/or with donor support is gradually removing the obstacles to stagnating agricultural production and is having some success in restoring the ecological functioning of pasture, arable and forest lands. Under that scenario, advances are made on a number of fronts (against a large number of underlying problems) but the advances stop short of realizing the decisive environmental improvement that, in the context of Central Asia, demands the adoption of improved farm practices on a sufficiently wide scale in order to realize environmental benefits also at landscape, ecosystem and global levels. Crucial to achieving are certain incremental activities listed below in sub-section B.3.

56. Without GEF, the ADB cofinancing will focus on increased productivity of farms and non-farm enterprises within an environmentally sustainable management framework, but its scope and depth will be limited. The potential outputs being considered are: (i) an improved enabling environment for rural enterprise development, improved access and linkages to agricultural input and output markets; (ii) strengthened capacity of raion governments, jamoats and villages to support the government's decentralization efforts focusing on strategic planning, micro-project implementation and good governance; (iii) improved farming technologies through support for farmers to source out inputs (e.g. fertilizers and improved seed varieties), advice on more appropriate farming technologies, upland farming techniques and pasture management, improvement of on-farm storage facilities and reconditioning or purchase of farm machinery; (v) small-scale infrastructure improvements, to be co-funded from a community-based investment fund; and (v) establishment of project management and monitoring systems.

57. However, reversing land degradation trends in a sustainable manner will require additional investments in raising capacity to improve the policy and institutional environment especially in mainstreaming sustainable land management into upstream development policy as well as into implementation by local governments and local communities, developing local communities' stewardship of land resources, piloting innovative environmentally sound farming techniques and most importantly, to upscale the gains in land improvement beyond the project area and if possible, to an ecosystem level.

## **2. GEF Alternative**

58. The GEF alternative would provide the needed support to the implementation of the current NAP. The GEF incremental co-financing would enable the Government to implement elements of the NPF, and to promote a more holistic and coordinated approach to land management, even going beyond farm-level improvements and improving the policy and institutional environment to eventually have an impact on the ecosystem level. Through GEF support, agriculture sector planning and development can be more effectively integrated into the rural economy. This will involve identifying priority development opportunities for, issues related to, and constraints on the development of agriculture and its integration into rural development. This will entail an incremental and sequential approach with realistic expectations of achievements. The GEF alternative also provides more opportunities in terms of coordination and cooperation among the development community and government agencies at all levels through adherence to the common understanding of priorities as identified under the NPF prepared as part of the CACILM process.

59. The GEF alternative would support activities centered on the strategic priorities of the GEF sustainable land management operational program, in terms of capacity building (mainstreaming of sustainable management practices and priorities into rural development and agricultural planning processes, as well as land-related policy reforms) and the implementation of innovative sustainable land management practices.

60. In general, the incremental global environmental benefits potentially available are of several kinds, partly inter-related: (1) improved ecological functioning of the dryland ecosystem(s) beyond the immediate project area, made possible by intensifying or supplementing certain Project activities; (2) contribution to improved conditions of the interconnected transboundary hydrological system of Central Asia, through reduced discharges of saline and other effluent into receiving water bodies and lowering of irrigation water consumption; (3) revival of Central Asia's agricultural and cultural heritage (including conservation of agro-biodiversity) as indigenous know-how is combined with international advances in dry area agriculture; and (4) reduction of GHG emissions and additional carbon sequestration through a more appropriate management of biomass and deliberate attention to capturing the underlying potential in this domain.

61. The GEF financed component will focus on the creation of additional local capacity to deliver the global benefits listed above, and on introducing novel land rehabilitation activities that promise to have wide-ranging environmental benefits. Specifically, the GEF grant will support: (i) introduction of and demonstration of novel and improved land management techniques to supplement traditional practices, (ii) new and enhanced capacity building and institutional strengthening for mainstreaming sustainable land management and integration of land-use planning systems; (iii) promotion of up-scaling and replicability of Project results for wider implementation, and (iv) development and implementation of meaningful indicators and monitoring and evaluation systems.

62. The GEF-financed activities will be grafted onto four out of five Baseline activities as follows.

Integrated with Component 1 of the Baseline (*Policy and Institutional Development and Reform*), will be:

**Sub-component A:** Strengthening Planning and Incentives for Ecologically Sustainable Pasture Land Management

63. Component 1 of the Baseline Project (*Policy and Institutional Development and Reform*) targets policy and institutional reforms aimed at expediting fair and equitable completion of the land allocation and registration process and rationalizing the use of pasture land. The Alternative: (i) broadens these activities by increasing the range of stakeholders including and international experience and expertise that will be brought to bear to remove the policy and institutional barriers; and (ii) ensures that policy reforms and changes in pasture land management will be designed to be more ecologically sustainable and supportive of generating global as well as local environmental benefits;

64. Component 2 of the Baseline Project (*Sustainable Pasture, Arable, and Forest Land Management Improvement*) addresses the need for better land management, including improved integrated pastureland and livestock techniques, enhanced capacity, and reversals in land degradation.

Integrated with Component 2 of the Baseline Project (*Sustainable Pasture, Arable, and Forest Land Management*) will be

**Sub-component B:** Capacity Building for Integrated Land Management

65. Component 2 targets land and water management institutions and builds their capacity in several ways. The Alternative: (1) scales these activities up to a level where they can effectively support the delivery of national and global environmental benefits and make it possible for the relevant institutions to play an active part in the global exchange of experience. The Alternative also adds to other capacity building activities; and (2) enlarges the pool of stakeholders involved in training and dissemination of the globally most relevant lessons of sustainable land management, (3) provides support for community based planning and rural awareness program with (also) agro-cultural heritage and gender perspectives, and (4) promotes public/private workshops and study tours to learn from the experience of SLM.

66. Integrated with Component 2 of the Baseline Project (*Pasture, Arable, and Forest Land Management Improvement*) will be:

**Sub-component C:** Management and Rehabilitation of Pasture Lands, Arable Land, and Forest Land for Livelihood and Environmental Benefits

67. Component 2 will also demonstrate land improvement techniques and measures to address land degradation which occurs in a variety of conditions. While the project will focus on pasture lands, it will also improve arable and forest lands. The Alternative will allow the project to test innovative management approaches to managing pasture, arable, and forest lands. It will also allow for more rigorous and scientific monitoring to both evaluate the success of new

techniques but also provide information for examining environmental changes contributing to global environmental benefits. The Alternative will also provide additional resources to expand and upscale pasture land restoration, community forestry and reduction of arable land improvement activities.

68. Grafted onto Component 3 of the Project (Agricultural and Rural Business Support) will be:

**Sub-Component D: Advisory Services on Pasture Land Management and Forage Conservation**

Sub-component D will assist with the establishment of advisory services to support pasture land management. In conjunction with activities under component 2, training courses for groups of farmers will be provided on livestock production techniques, pasture land management and forage conservation.

69. Grafted onto Component 5 of the Project (Project Management) will be:

**Sub-component E: Monitoring and Evaluation of Project Environmental Impacts**

70. The Alternative will provide for a more comprehensive project monitoring and evaluation in which a common set of indicators will be used to monitor and evaluate such variables as the nature and status of land degradation, carbon sequestration; biodiversity; on- and off-site environmental impacts, biodiversity, salinization, pollution and eutrophication; and socio-economic factors. The Alternative will (1) develop a system for monitoring of the Project's environmental impacts; (2) develop a proposal for a comprehensive pastureland, arable, and forest land management database in Tajikistan, and (3) mainstream the most suitable international practices of participatory monitoring of environmental impacts.

### **C. Sustainability**

71. The project is expected to be financially, technically and institutionally sustainable. Preparatory work during the design of the Rural Development Project explored several project alternatives, and will analyze the project from the financial and economic viability and financial sustainability aspects. The proposed activities of the project to support institutional and policy reforms, to support capacity building of local governments and communities and to stimulate and encourage private sector development will contribute to improving the enabling environment in which land improvement and rural development can take place in an integrated manner, hence contributing to further sustainability. The project will promote partnerships as a key approach to project implementation. For example, it is envisaged that rural advisory services be contracted to carry out farmer training and oversee demonstration plots. This is another measure that will build capacity of local agencies and increase sustainability, in the sense that the project activities are not completely dependant on project-funded external technical assistance.

### **D. Replicability**

72. The proposed RDP will envisage a replication strategy to expand the project scope beyond the five selected raions. The proposed project will establish a rigorous monitoring and evaluation system that will capture and analyze knowledge and lessons learnt from the RDP project raions so that this information may benefit other raions. The support to institutional and

policy reforms to ensure secure land use rights will culminate in benefits that will not only be restricted to the project area. The issues being addressed in the project have relevance across the Central Asia Region, and some of the solutions worked out in the project may be replicated or adapted by other CACs.

## **E. Stakeholder Involvement/Intended Beneficiaries**

73. The project was developed through a wide participatory process. The process undertaken under CACILM, in the preparation of the NPF has included all the relevant stakeholders. In addition, two national workshops were held to obtain stakeholders' inputs into the CACILM NPF formulation. Partnership is a fundamental concept underlying CACILM itself, in terms of working with the various government agencies (through the Tajikistan UNCCD Group) and among development partners, as they are members of the CACILM Strategic Partnership (see Annex F).

74. The implementation process of RDP is meant to be highly participatory, decentralized and demand driven. The PMU will involve local government entities and rural communities in local level planning and land management activities, emphasize their role in priority-setting, in many implementation responsibilities, and they are the main beneficiaries of project outputs.. Each raion working group guides the RDP in identifying their own development strategies which reflect local needs and priorities. The planned community-based investment fund to be established under RDP to finance demand-driven interventions will be one of the opportunities for local communities to be involved not only in the design of the project activities but more importantly, some aspects of its implementation.

## **F. Monitoring and Evaluation**

75. The monitoring and evaluation (M&E) plan for the project is described in Appendix D. Information from this plan feeds into the national M&E system, which will cover all CACILM projects in Tajikistan and will target four types of variables:

- (i) land degradation and SLM indicators of the logical frameworks;
- (ii) compliance with environmental and social safeguards that may be prescribed by SPA<sup>3</sup> members' cofinancing agreements;
- (iii) project implementation, including recording and tracking work plan progress, all project inputs, and all activities; and
- (iv) project finances, including annual disbursements, contracts awarded, and annual audited financial statement.

76. The M&E system (Figure 1) will consist of:

- (i) project financial monitoring and capacity building to strengthen financial management performance of the national secretariats and the CACILM implementing agencies (as necessary).

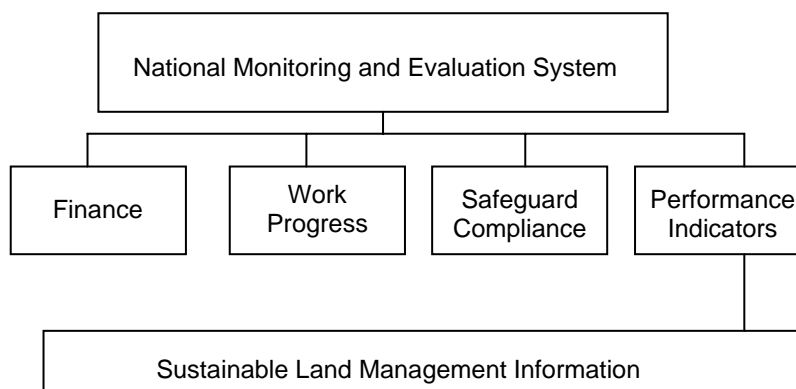
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<sup>3</sup> Strategic Partnership Agreement for United Nations Convention to Combat Drought and Desertification (UNCCD) Implementation in the Central Asian Countries. Present members are Asian Development Bank (ADB), Canadian International Development Agency (CIDA), CCD Project of the German Agency for Technical Cooperation (GTZ), Global Mechanism (GM), International Center for Agricultural Research in Dry Areas (ICARDA), International Fund for Agriculture Development (IFAD), Swiss Agency for Development and Cooperation (SDC), United Nations Development Programme (UNDP), United Nations Environment Programme (UNEP), and World Bank.



- (ii) monitoring progress of project implementation and procedures and formats for reporting the monitoring results; and
- (iii) mechanisms for monitoring compliance with environmental and social safeguards, such as with environmental management plans and resettlement plans, that may be stipulated in SPA members' cofinancing agreements.

**Figure 1: National Monitoring and Evaluation System**



77. The M&E will also be supported by a sustainable land management information system (SLMIS), organized at the multicountry level but implemented nationally, directed toward monitoring the performance indicators in the logical framework of the national planning framework with broad applicability as a tool for long-term monitoring of SLM in each country and across the CACs.

78. The SLMIS will include

- (i) procedures, protocols, and guidelines for data acquisition, including all necessary survey instruments, sampling methods, analytical methods, and reporting formats;
- (ii) actual economic, social, and environmental data and information on NPF/CACILM projects;
- (iii) computer databases and analytical programs, including geographic information systems, for storing and analyzing data and information;
- (iv) computer-based systems, including geographic information systems, for presenting results and generating reports on the results of the program monitoring; and
- (v) routines for use by project implementing agencies and field monitoring teams in the collection and reporting of necessary economic, social, and environmental data and information.

79. All project activities will be first evaluated by the executing agencies using their own existing evaluation procedures. In addition, the Project will prepare reports required by GEF, such as the annual Project Implementation Report and will respond to monitoring and evaluation studies that will be conducted by the GEF Secretariat and the GEF Evaluation Office.

80. The M&E arrangements aim at ensuring that the results and insights generated by the M&E system reach the national stakeholders and development cooperation partners to ensure transparency. Besides agencies implementing and cofinancing the project, M&E reports will be submitted to the national coordination council for centralized use to facilitate program-wide M&E. The reports will also be available to all stakeholders in a systematic fashion (see Annex D for M&E Plan).

#### IV. FINANCIAL MODALITIES AND COST EFFECTIVENESS

##### A. Financing Plan and Cofinancing Sources

81. A GEF grant of approximately US\$ 3.5 million will be requested to finance the project. This project is part of the CACILM Multicountry Partnership Framework (CMPF). It has been approved by the CACILM Task Force for funding from the CACILM GEF 3 allocation.

82. Financing for the Rural Development Project, with a total estimated cost of \$ 23.3 million, will be financed as follows: ADB has recently approved an ADB (ADF) loan of approximately US\$ 8.8 million equivalent, and an ADFIX grant of \$8.3 million, bringing the total ADB financing to \$17.1 million. The Government contribution would amount to about \$ 1.65 million, and beneficiaries are expected to contribute \$ 1.05 million.. Financing for the preparation of the Rural Development Project, during which the GEF components were designed, is as follows: ADB Technical Assistance funding (US\$0.70 million), Poverty Reduction Fund (US\$ 0.15 million), Government (US\$ 0.18 million).

83. The requested GEF grant will be incremental funding to the Rural Development Project activities to cover global environmental and sustainable land management benefits, over and above the baseline SLM benefits at local and national levels. The total confirmed cofinancing (from ADB and Government and beneficiaries) amounts to \$ 19.8 million and the requested GEF grant assistance is of the order of \$3.5 million., and together cover the full estimated financing of \$ 23.3 million for the project.

84. The financing plan by main components is in table 1. Cofinancing sources for proposed GEF grant have been fully firmed up and are given in table 2. Estimated costs of activities to be financed by GEF grant are given in table 3. Project's estimated costs are given in Annex C.

**Table 1. Project Costs and Financing (US\$ 000)**

Project Components	Cofinancing (\$)	GEF (\$)	Total (\$)
1. Policy and Institutional Development and Reform	1,640,000	535,000	2,175,000
2. Pasture, Arable and Forest Land Management	1,775,000	2,725,000	4,500,000
3. Agricultural & Rural Business Support	6,300,000	115,000	6,415,000
4 Rural Infrastructure Improvement	6,645,000	--	6,645,000
5. Project Management	3,085,000	125,000	3,210,000
Sub-Total	19,445,000	3,500,000	22,945,000
Financial Charges	365,000	-	365,000
<b>Total project costs</b>	<b>19,810,000</b>	<b>3,500,000</b>	<b>23,310,000</b>

**Table 2: Cofinancing Sources**

Name of co-financier (source)	Classification	Type	Amount (\$)	Status
ADB (Loan)	EA	Cash	8,800,000	Approved Loan Agreement
ADB (ADF IX Grant)	EA	Cash	8,300,000	
Government (co-financing for Loan)	Government	Cash	1,660,000	
Beneficiaries	Beneficiaries	in kind	1,050,000	Willingness to contribute confirmed during project formulation
<b>Total</b>			<b>19,810,000</b>	

**Table 3: Estimated Cost of Activities financed by GEF Grant (US \$)**

Component 1: Policy and Institutional Development and Reform <b>Sub-component A:</b> Strengthening Planning and Incentives for Ecologically Sustainable Pasture Land Management	\$535,000
Component 2: Pasture, Arable and Forest Land Management (i) <b>Sub-component B:</b> Capacity Building for Integrated Land Management (ii) <b>Sub-component C:</b> Management and Rehabilitation of pasture lands, arable land and forest land for livelihood and environmental benefits	2,725,000
Component 3: Agricultural & Rural Business Support <b>Sub-Component D:</b> Advisory Services on Pasture Land Management and forage conservation	115,000
Component 5: Project Management <b>Sub-component E:</b> Monitoring and Evaluation of Project Environmental Impacts	125,000
<b>Total Incremental Costs</b>	<b>\$3,500,000</b>

**B. Incremental Cost Analysis****1. Global Benefits**

85. The global benefits of the GEF Alternative were generally discussed in paragraph 60. More specifically, the project is expected to:

- (i) Generate social and global environmental benefits through future investment in SLM in Tajikistan and in the region that reliably target such environmental benefits while delivering local livelihood improvements.

- (ii) Establish a baseline and creation of a geo-referenced data set for ecological and social economic conditions. This will lead into Geo-reference data being incorporated into CACILM regional assessments and Sustainable Land Management Systems.
- (iii) Disseminate knowledge products and best practices to other Central Asian countries through CACILM knowledge management systems and SLM Research Program.
- (iv) Integrate the Land degradation assessment integrated into CACILM regional assessment and Sustainable Land Management Systems.
- (v) Reduce soil erosion and increased carbon sequestration.
- (vi) Mainstream the most suitable practices of participatory monitoring of environmental impacts of global interest.

## 2. Incremental Costs

86. The GEF alternative would build on and strengthen the baseline scenario by covering the incremental costs associated with the following:

- (i) *Subcomponent A: Strengthening Planning and Incentives for Ecologically Sustainable Pasture Land Management* - new and enhanced capacity building and institutional strengthening for mainstreaming pasture land management reforms and integration into planning systems: including reviewing the possibility of using economic instruments pasture leasing fees to adjust the incentive structure in favor of increased efficiency; building capacity and creating incentives for local communities to be more involved in pasture land management in a sustainable manner;
- (ii) *Subcomponent B: Capacity Building for Integrated Land Management* - promotion of up-scaling and replicability of Project results for wider implementation: going beyond the incentive-centered view of land degradation which largely focuses on the level of the farm enterprise, to the level of an ecosystem. Working at the ecosystem level requires a minimum coordinated level of activity, and needs a supportive enabling environment;
- (iii) *Subcomponent C: Management and Rehabilitation of pasture lands, arable land and forest land for livelihood and environmental benefits* - demonstration of innovative approaches to managing pasture, arable, and forest lands with monitoring and evaluation of the success of new techniques while providing information for examining environmental changes contributing to global environmental benefits. It will also provide additional resources to expand and upscale pasture land restoration, community forestry, and arable land improvements.
- (iv) *Subcomponent D: Advisory Services on Pasture Land Management and forage conservation* - establishment of advisory services to support pasture land management to enshrine sustainable land management best practices.
- (v) *Subcomponent E: Monitoring and Evaluation of Environmental Impacts* - development and implementation of meaningful indicators and monitoring and evaluation systems: this will complement the activities under the loan component for management monitoring, but will also add value by contributing to the

development of information systems, including analysis of lessons learnt that can be used for decision making, and disseminated in line with up-scaling and replicating project results.

87. The total incremental cost is \$3,500,000 (see Annex A)

### **C. Cost Effectiveness**

88. The Project will develop awareness of land and business rights. This heightened sense of end user awareness can be an important disincentive against wasteful practices by public functionaries. In the same manner, the strong emphasis on performance monitoring and built-in criteria and reporting requirements will serve as safeguards against misuse of funds which is encouraged by excessive recourse to discretionary decision-making. ADB has clear guidelines in matters, such as contract awards and procurement. It emphasizes use of due diligence and subjects projects to external audit. Above all, the project design is tight in disbursement procedures. The implementation arrangements involve participation of senior public authorities. A project steering committee (PSC) will be created within the Ministry of Agriculture (MOA) will serve as the Executing Agency (EA) and the State Committee on Land Management (SCLM) as the Implementing Agency (IA) on some activities, and a project management unit (PMU). Various activities of the Project will be contracted out to non-government organizations and other local service providers. Thus, project execution should be cost effective.

## **V. INSTITUTIONAL COORDINATION AND SUPPORT**

### **A. Core Commitments and Linkages**

89. The proposed project is consistent with the ADB country strategy and program (CSP) for Tajikistan, which argues that given the large share of the population working in agriculture, rural development presents one of the best opportunities to end the cycle of low incomes, high poverty and the resulting low demand for domestic products. The CSP also seeks to address environment issues as a cross cutting theme, and specifically mentions limiting land degradation and introducing more environmentally sustainable farming practices. In the most recent CSP Update (CSP) for Tajikistan (2006-2008), it is stated that with Tajikistan's preparation towards accession to the World Trade Organization, the agricultural sector in the country is diversifying beyond cotton to other crops and mentions the importance of RDP in facilitating private investments in cash crops other than cotton as well as downstream (agroprocessing) and upstream (input development) using an integrated area approach focussing on poverty reduction.

### **B. Consultation, Coordination, and Collaboration among IAs and ExAs**

90. CACILM is built on the principles of partnership, inclusiveness, and transparency, and the level of collaboration achieved to date establishes a solid foundation for this proposed project. Building on the strong foundation established through the SPA, the CACILM Partnership will actively seek to include all interested GEF Implementing and Executing Agencies and to maintain close coordination with both the UNCCD and GEF Secretariats. The preparation of the NPF was done in this mode of partnership and hence should reduce the risks of duplication of efforts.

91. As the design of the Rural Development Project is refined, opportunities for further on the ground collaboration will be explored, for example, with the FAO supported Participatory

Integrated Watershed Management in Upland Areas technical assistance, which has identified a Watershed Management Investment Program. A recent national workshop organized under the FAO program endorsed a selection of investment project profiles, including for two of the Rural Development Project raions.

### **C. Project Implementation Arrangements**

92. The project will draw heavily on the management structure that will be established for the Rural Development Project, so as to promote an efficient, integrated and coherent approach to project management. The executing agency for the Project will be the Ministry of Agriculture and a Project Implementation Unit will be established in that ministry. The State Land Committee will have a major role in project implementation, especially where related to land management activities. ADB will be the GEF executing agency for the GEF component. Implementation arrangements in the project raions were developed in further detail and confirmed during the appraisal of the Rural Development Project.

93. The project is part of the Tajikistan NPF and will be coordinated by the National Coordination Council through the Tajikistan national secretariat. As the project is part of the CACILM Multicountry Partnership Framework (CMPF), it come under the CACILM steering committee and will be coordinated through the CACILM multicountry secretariat.

## ANNEX A: Incremental Cost of the Project under GEF Alternative

Baseline	GEF Alternative <i>(elements of design generating global benefits in italics)</i>	Domestic benefits of enhanced ("GEF") alternative	Global benefits of GEF alternative	Incremental cost of GEF alternative
Main features of Project baseline and the alternative design				
<b>1. Policy and Institutional Development and Reform</b>				
	1.1 Land Use Rights Secured	Improved environment for SLM investment	Social and global environmental benefits of future investment in SLM in Tajikistan and in the region that reliably target such environmental benefits while delivering local livelihood improvements.	Costs of additional measure to remove provide secure land tenure and remove policy and institutional barriers to SLM.  \$535,000
	1.2 Policy and Institutional for pasture lands improved  <i>Sub-component A: Strengthening Planning and Incentives for Ecologically Sustainable Pasture Land Management</i>	<p>Natural policy, strategy, and investment program for pasture lands developed and barriers to sustainable pasture land management removed</p> <p>Improved environment for SLM investment in pasture lands.</p> <p>Establishment of a baseline and creation of a geo-referenced data set for ecological and social economic conditions</p>		
	1.3 Administration and Institutional Aspects of Business Development Improved			
<b>2. Sustainable Pasture, Arable, and Forest Land Management</b>				
	2.1 Pasture Land and Livestock Planning and Management Skills Improved  <i>Sub-component B: Capacity Building for Integrated Land Management</i>	Improved pasture land management practices leading to improved grasslands quality and productivity with associated, biodiversity, soil and hydrological benefits	Reduce soil erosion and increased carbon sequestration	<i>Costs of additional measures to improve sustainable land management practices, in particular pasture land management.</i>
	2.2 Capacity for Effective Land Management Improved	Development of a cadre of professionals to	Dissemination of knowledge products and best	

Baseline	GEF Alternative <i>(elements of design generating global benefits in italics)</i>	Domestic benefits of enhanced ("GEF") alternative	Global benefits of GEF alternative	Incremental cost of GEF alternative
	<b>Sub-component B:</b> <i>Capacity Building for Integrated Land Management</i>	disseminate knowledge of sustainable land management to trigger innovation in SLM in Tajikistan.  Enhanced sharing of scientific and technical information through national and regional networks	practices to other Central Asian countries through CACILM knowledge management systems and SLM Research Program	<i>Costs of additional measures to build capacity for dissemination of sustainable land management.</i>
	2.3 Degraded Lands Rehabilitation  <b>Sub-component C:</b> <i>Management and Rehabilitation of pasture lands, arable land and forest land for livelihood and environmental benefits.</i>	Land degradation assessment to design land improvements  Rehabilitated lands with associated, biodiversity, soil and hydrological benefits	Land degradation assessment integrated into CACILM regional assessment and Sustainable Land Management Systems  Reduce soil erosion and increased carbon sequestration	<i>Costs of additional measures to rehabilitate degraded Lands.</i>  \$2,725,000
<b>3. Agriculture and Rural Business Support</b>				
	3.1 Demand-driven Farm and Rural Business Advisory Services Established and Sustainably Operated  <i>Subcomponent D: Advisory Services on Pasture Land Management and forage conservation</i>	Enhanced sharing of scientific and technical information through national and regional networks		\$115,000
	3.2 Market Information System Operational			
<b>4. Rural Infrastructure Development</b>				
	4.1 Raion Infrastructure Improved with Sustainable O&M Arrangements			
	4.2 Community Infrastructure Improved with Sustainable O&M Arrangements			
	4.3 Raion and Jamoat			



Baseline	GEF Alternative <i>(elements of design generating global benefits in italics)</i>	Domestic benefits of enhanced ("GEF") alternative	Global benefits of GEF alternative	Incremental cost of GEF alternative
	Infrastructure and Maintenance Capacity Improved			
<b>5. Project Management</b>				
	5.1 Project Effectively Managed			
	5.2 Project Monitored and Evaluated Effectively  Sub-component E: <i>Monitoring and Evaluation of Project Environmental Impacts.</i>	Improved knowledge of environmental impacts and resulting ability better to calibrate SLM investments		<b>Cost of:</b> Inclusion of a common set of indicators in the Project's M&E system to monitor environmental variables of local and global relevance  Mainstreaming the most suitable practices of participatory monitoring of environmental impacts of global interest.  \$125,000
<b>Total Incremental Cost</b>				<b>\$ 3,500,0000</b>

## ANNEX B: Project Logical Framework

### DESIGN AND MONITORING FRAMEWORK

Design Summary	Performance Targets/Indicators <sup>a, b</sup>	Data Sources / Reporting Mechanisms	Assumptions and Risks																														
<p><b>Impact</b> Farm and non-farm incomes of rural households increased</p>	<p>Farm incomes of rural households increase from about TJS 200 to TJS 580 (rainfed farms) TJS 800 (irrigated farms)</p> <p>Non-farm incomes of rural households increase 35%</p> <p>Number of poor households reduced by 25%</p>	<p>Farm and business survey national and regional statistics</p> <p>Project Completion Report</p> <p>National and regional statistics</p> <p>Project Completion Report</p> <p>Income and poverty surveys</p> <p>Project Completion Report</p>	<p><b>Assumptions</b> Macroeconomic conditions are stable or improved</p> <p>Commodity prices remain stable</p>																														
<p><b>Outcome</b> Productivity of farms and rural enterprises in five Project raions increased within an environmentally sustainable management framework</p>	<p>Yields (mt/ha) increase by 2014:</p> <p>Rainfed:</p> <table style="margin-left: 20px;"> <tr> <td></td> <td style="text-align: center;">From</td> <td style="text-align: center;">To</td> </tr> <tr> <td>Wheat</td> <td style="text-align: center;">1.4</td> <td style="text-align: center;">1.7</td> </tr> <tr> <td>Potatoes</td> <td style="text-align: center;">10.0</td> <td style="text-align: center;">12.5</td> </tr> <tr> <td>Orchards</td> <td style="text-align: center;">1.0</td> <td style="text-align: center;">1.5</td> </tr> <tr> <td>Fodder</td> <td style="text-align: center;">20.0</td> <td style="text-align: center;">24.0</td> </tr> </table> <p>Irrigated:</p> <table style="margin-left: 20px;"> <tr> <td></td> <td style="text-align: center;">From</td> <td style="text-align: center;">To</td> </tr> <tr> <td>Wheat</td> <td style="text-align: center;">3.0</td> <td style="text-align: center;">3.8</td> </tr> <tr> <td>Potatoes</td> <td style="text-align: center;">22.5</td> <td style="text-align: center;">29.5</td> </tr> <tr> <td>Orchards</td> <td style="text-align: center;">2.2</td> <td style="text-align: center;">4.2</td> </tr> <tr> <td>Fodder</td> <td style="text-align: center;">40.0</td> <td style="text-align: center;">48.0</td> </tr> </table> <p>25% of participating farms reach a commercial level of production (over 50% of produce sold for cash)</p> <p>Rural enterprise turnover increased</p> <p>Carrying capacity of pastures is to be maintained or increased</p>		From	To	Wheat	1.4	1.7	Potatoes	10.0	12.5	Orchards	1.0	1.5	Fodder	20.0	24.0		From	To	Wheat	3.0	3.8	Potatoes	22.5	29.5	Orchards	2.2	4.2	Fodder	40.0	48.0	<p>National and regional statistics</p> <p>Farm surveys</p> <p>Project Completion Report</p> <p>Project surveys</p> <p>Project Progress Reports</p> <p>Project Completion Report</p> <p>Project surveys</p> <p>Project Progress Reports</p> <p>Project Completion Report</p> <p>Project environmental monitoring</p>	<p><b>Assumptions</b> Security of land use maintained</p> <p>Farmers have freedom to farm and operate independently of any outside interference</p> <p>Substantially reduced interference of public officials in private business maintained</p> <p><b>Risk</b> Continued delays in the land reform process</p>
	From	To																															
Wheat	1.4	1.7																															
Potatoes	10.0	12.5																															
Orchards	1.0	1.5																															
Fodder	20.0	24.0																															
	From	To																															
Wheat	3.0	3.8																															
Potatoes	22.5	29.5																															
Orchards	2.2	4.2																															
Fodder	40.0	48.0																															



Design Summary	Performance Targets/Indicators <sup>a, b</sup>	Data Sources / Reporting Mechanisms	Assumptions and Risks
<p>1.3 Administration and Institutional Aspects of Business Development Improved</p>	<p>Streamlined business registration process installed in all raions by year 3</p> <p>Reduced inspection frequency and duration</p> <p>Incidence of business interference by raion authorities eliminated</p>	<p>Raion Administration reports</p> <p>Project surveys</p> <p>Raion Administration reports</p> <p>Project surveys</p> <p>Raion Administration reports</p> <p>Project surveys</p>	<p><b>Assumption</b> Raion Administrations actively participate in the project and adopt a positive attitude to enable businesses to register and operate in a fair and transparent business environment</p>
<p><b>2. Sustainable Pasture, Arable and Forest Land Management Improved</b></p> <p>2.1 Pasture and Livestock Planning and Management Skills Demonstrated</p>	<p>At least 5 pasture user groups established by year 3</p> <p>At least four pilot sites based on at least two different livestock production systems and reformed pasture land and management systems by year 2</p> <p>Methodologies for reorganization of pasture land administration and tenure extended by raion authorities to all areas by year 4</p> <p>Improved land condition and associated biodiversity status by year 6</p> <p>Improved winter feeding and economic performance by year 6</p> <p>New approaches and techniques for monitoring livestock and pastures is adopted by raion authorities in year 4</p>	<p>Project reports</p> <p>Project reports</p> <p>Project survey</p> <p>Project reports</p> <p>Project surveys</p> <p>Project reports</p> <p>Raion monitoring reports</p>	<p><b>Assumption</b> Raion authorities prepared to adopt new methodologies for pasture land administration and tenure</p> <p><b>Risks</b> Households and institutions not prepared to change from present pasture land and livestock management system</p> <p>Unable to dislodge current 'elite' capture of prime pasture land</p>

Design Summary	Performance Targets/Indicators <sup>a, b</sup>	Data Sources / Reporting Mechanisms	Assumptions and Risks
2.2 Capacity for Effective Land Management Improved	Trained pasture land planning and management graduates by year 5  Trainers demonstrate competency in new approaches and techniques  Institutional link is established between foreign and local training institution by year 4	University reports  Project reports  Project reports	
2.3 Degraded Lands Rehabilitated	35% of farmers practicing appropriate land management techniques  Farming on sloping land above 30 degrees eliminated  25% of pasture land and sloping agriculture land managed sustainably  20% of degraded arable land rehabilitated  At least 5 community forest groups established by year 2	Project surveys Project reports  Farm surveys Project reports  Project surveys Project reports  Project surveys Project reports	<b>Assumption</b> Households and institutions readily adopt new practices
<b>3. Agriculture and Rural Business Support</b> 3.1 Demand-driven Farm and Rural Business Advisory Services Established and Sustainable Operated	Advisory centers established  Master farmers trained and competent to deliver required training (% of women)  Farmers adopting improved farming practices (% of women)	Project reports  Advisory center reports Project reports  Farm survey Advisory center reports Project reports	<b>Assumptions</b> Participants are willing to implement training in practice  Government supports the adoption of new techniques and improved farm practices  All inputs are available and accessible in adequate quantities and on a timely basis

Design Summary	Performance Targets/Indicators <sup>a, b</sup>	Data Sources / Reporting Mechanisms	Assumptions and Risks
	Service centers privatized by year 5	Project reports	Private sector develops in input supply, machinery services, marketing and agroprocessing
	Staff of appropriate agriculture training institutions competent to deliver farm management, extension, and farm business development courses	Project reports	Farmers access adequate levels of working capital and investment finance
	Number of enterprises supported and established/expanded	Advisory center reports Project reports	<b>Risk</b> Transport costs and informal charges remain prohibitive to exporting produce
	Diversity of enterprises increased	Advisory center reports Project reports	
	Number of contracts developed with marketing outlets and agribusinesses	Advisory center reports Project reports	
	Number of export links established and maintained		
	Entrepreneurs trained in organizational management and financial arrangements for business enterprises		
3.2 Market Information System Operational	Market information regularly reaches 50% of farmers	Project surveys Project reports	
	Number of farmers requesting services and willingness to pay	Project surveys Project reports	
<b>4. Rural Infrastructure Development</b>			
4.1 Raion and Jamoat Infrastructure Planning and Maintenance Capacity Improved	Infrastructure plans developed for sectors with projects being submitted for Project financing	Raion and jamoat plans Project reports	
	Each project proposal includes realistic physical and financial maintenance plan	Project proposals	

Design Summary	Performance Targets/Indicators <sup>a, b</sup>	Data Sources / Reporting Mechanisms	Assumptions and Risks
4.2 Raion and Community Infrastructure Improved with Sustainable O&M Arrangements	<p>Raion and community level infrastructure projects completed with 100% O&amp;M funding</p> <p>User associations formed and responsibilities for O&amp;M agreed for each relevant project site</p> <p>Raion Administrations establish effective systems for maintenance</p> <p>Infrastructure effectively maintained</p>	<p>Raion report</p> <p>Project report</p> <p>Raion report</p> <p>Project report</p> <p>Raion report</p> <p>Project report</p>	<p><b>Assumptions</b> Identification and prioritization process is sufficiently participative to ensure community is willing to maintain completed infrastructure</p> <p>Raion allocates required maintenance resources</p> <p><b>Risk</b> Insufficient funds available for regular maintenance</p>
<p><b>5. Project Management</b></p> <p>5.1 Project Managed Effectively</p> <p>5.2 Project Monitored and Evaluated Effectively</p>	<p>Timely implementation of work schedule and delivery of inputs and outputs for the Project</p> <p>Timely, accurate, and comprehensive reporting to Project's progress to Government and ADB</p> <p>Effective project management and monitoring systems, including Project Performance Management System (PPMS) operationalized</p>	<p>Annual work plans and budgets</p> <p>Project reports</p> <p>M&amp;E reports</p>	<p><b>Assumptions</b> International and national consultants provide effective support to MOA and implementing agencies</p> <p>Implementation and management arrangements can deal effectively with interference from influential parties</p>
<p><b>Activities</b></p> <p>1.1.1 Prepare and conduct awareness program for raion official and farmers</p> <p>1.1.2 Conduct survey of practices in land registration and agree good practices for implementation</p> <p>1.1.3 Prepare and conduct legal literacy and legal aid initiatives</p> <p>1.1.4 Identify and complete registration of all dekhan farms</p> <p>1.1.5 Develop mechanism for resolution of land disputes</p> <p>1.1.6 Develop monitoring mechanisms to assess performance to raion administration in improving land security</p> <p>1.2.1 Conduct international conference on pasture land management</p> <p>1.2.2 Undertake a sector assessment on pasture land and livestock management</p> <p>1.2.3 Establish a sustainable land management data base</p>			<p><b>Inputs</b></p> <p>ADB Loan – \$ 8.8 million</p> <p>ADB Grant – \$ 8.3 million</p> <p>GEF– \$3.5 million</p> <p>Government – \$ 1.66 million</p> <p>Beneficiaries – \$1..05 million</p>

1.2.4	Conduct national workshop and disseminate findings and recommendation of sector assessment	
1.2.5	Prepare national vision, policy, strategy and investment program for pasture land and livestock management	
1.2.6	Prepare legislation, regulations and institutional reforms	
1.2.7	Conduct regional workshops to disseminate recommendations	
1.3.1	Conduct economic study of costs of administrative interference	
1.3.2	Conduct training for raion and jamoat staff in business legislation	
1.3.3	Prepare pilot and revise a simplified registration procedure for businesses and dekhan farms	
1.3.4	Develop mechanisms for monitoring business environmental performance of raion and jamoat authorities	
2.1.1	Establish pasture user groups	
2.1.2	Establish pilot sites to demonstrate new pasture land planning and management techniques	
2.1.3	Design monitoring protocols for farm level planning and management	
2.1.4	Rehabilitate and revegetate selected pasture lands	
2.1.5	Develop and implement appropriate monitoring mechanism, including surveys	
2.1.6	Review and adapt methodology and planning for Project wide expansion	
2.2.1	Contract international institutions	
2.2.2	Select a Tajikistan educational institutions	
2.2.3	Prepare, deliver, and evaluate a curricula on pasture land management for either university or vocational level institution	
2.2.4	Establish a network of cooperating institutions	
2.2.5	Conduct training for students on demonstration sites	
2.2.6	Establish links with extension services	
2.2.7	Identify candidates of relevant educational institution for overseas university level training	
2.3.1	Undertake assessment of degradation of arable land in association with CACILM activities	
2.3.2	Conduct activities and revegetate degraded areas	
2.3.3	Develop pilot demonstration to introduce improved land reclamation practices and on-farm water management technologies and practices	
2.3.4	Conduct activities to improve community forestry management.	
3.1.1	Undertake assessment of demand for agricultural and rural business advisory services and determine appropriate size of advisory center and training and advise to be provided.	
3.1.2	Develop bidding documents and contract NGOs to establish advisory centers	
3.1.3	Monitor performance of NGOs and advisory centers	
3.1.4	Explore options for developing agriculture extension and farm management programs at appropriate institution	
3.1.5	Explore mechanism for the prioritization of advisory centers	
3.1.6	Identify appropriate MFIs for channeling microcredit and develop appropriate contracts	
3.2.1	Prepare bidding documents and contract appropriate agency for establishment of MIU	
3.2.2	Provide assistance to MIV for import substitutes and export promotion	
4.1.1	Support raions in establishing appropriate community-based organization and consultative process for both raion and jamoat	
4.1.2	Assist with preparation of subsector plans	
4.1.3	Conduct training in planning process and preparation of investment proposal	
4.1.4	Assist in developing linkages between investment maintenance proposals and available funding	
4.2.1	Assist raions and community groups in identifying and prioritizing	



<p>infrastructure project</p> <p>4.2.2 Assess and finance feasible raion and community infrastructure projects</p> <p>4.2.3 Undertake appropriate training at jamoat level</p> <p>5.1.1 Recruit international and national consultants</p> <p>5.1.2 Establish financial management system</p> <p>5.1.3 Prepare procurement documents for approval, tender and evaluation</p> <p>5.1.4 Contract service providers</p> <p>5.2.1 Establish monitoring and evaluation system</p> <p>5.2.2 Conduct baseline and regular surveys</p> <p>Submit quarterly progress and other required reports</p>	
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<sup>a</sup> Indicators without targets will be identified following the purpose baseline survey to be conducted in the first six months of Project implementation.

<sup>b</sup> Year refers to years after project effectiveness.

### ANNEX C: ESTIMATED COSTS

Project components	Co-finance	GEF	Sub-total cost
<b>1. Policy and Institutional Development and Reform</b>			
1.1 Baseline Activities	1,640,000		
1.2 <i>Strengthening Planning and Incentives for Ecologically Sustainable Pasture Land Management</i>		535,000	
Sub-total			2,175,000
<b>2. Pasture, Arable and Forest Land Management</b>			
2.1 Baseline Activities	1,775,000		
2.2 <i>Capacity Building for Integrated Land Management</i>			
2.3 <i>Management and Rehabilitation of pasture lands, arable land and forest land for livelihood and environmental benefits.</i>		2,725,000	
Sub-total			4,500,000
<b>3. Agricultural &amp; Rural Business Support</b>			
3.1 Baseline Activities	6,300,000		
3.2 <i>Demand-driven Farm and Rural Business Advisory Services</i>		115,000	
Sub-total			6,415,000
<b>4. Rural Infrastructure Improvement</b>			
4.1 Baseline Activities	6,645,000		
Sub-total			6,645,000
<b>5. Project Management</b>			
5.1 Baseline Activities	3,085,000		
5.2 <i>Monitoring and Evaluation of Environmental Impacts</i>		125,000	
Sub-total			3,222,000
Sub-total	19,445,000	3,500,000	22,945,000
Financial Charges	365,000		365,000
<b>Total</b>	<b>\$19,810,000</b>	<b>\$3,500,000</b>	<b>\$23,310,000</b>

## ANNEX D: MONITORING AND EVALUATION PLAN

The proposed monitoring and evaluation plan is designed to track biophysical and socio-economic variables that are indicators of immediate (fast) and longer term (slow) changes. Indicators have been developed for two different but related purposes: (i) project performance, which requires the monitoring of many economic, social and environmental indicators; and (ii) monitoring changes in key environmental variables to ultimately estimate changes that may contribute to global environmental changes. Most of the variables monitored are “fast” variables (changes income, crop yields); but some are “slow” variables. We have included three indicators at outcome level that tend to change slowly over time: (i) capacity of pasturelands; (ii) carbon stocks; and (iii) agrobiodiversity. Monitoring protocols and reporting will be adjusted accordingly for these “slow” indicators.

Objectives	Key performance indicator target at Project's end	Baseline	Critical benchmarks and target dates	Sampling frequency
<p><b>Project objective:</b> To promote sustainable agricultural growth and rural well-being through raising productivity and incomes of rural households and sustainable management of arable and pasture lands, and improving enabling environment. With GEF assistance, the Project will address policy and institutional capacity building to strengthen SLM, improve the incentives for uptake of best practices and innovative technologies and be a catalyst to foster system-wide changes to remove on going barriers in areas of policy, institutional, technical and capacity constraints to SLM at the country level. It will also promote demonstration and up-scaling of successful SLM practices for mitigating land degradation.</p>				
Impact 1. Farm and non-farm incomes of rural households increased	Farm incomes of rural households increase from about TJS 200 to TJS580 (rainfed farms) TJS800 (irrigated farms)	Situation in 2006	1.2007-2010 average;  2. 2013-2014 average;  to map out trends in household income increases	Periodic household income surveys with a sample of representative households. Sample to include women-headed households;  Annual assessment under Project M&E system.
Outcome 1:  Productivity of farms and rural enterprises in five Project raions increased within an environmentally sustainable management framework	Yields (mt/ha) increase by 2014: i) wheat rainfed: from 1.4 to 1.7 irrigated: from 3.0 to 3.8 ii) Potatoes rainfed: from 10.0 to 12.5 irrigated: from 20.5 to 29.5 iii) Fodder rainfed from 20.0 to 24.0 irrigated:	Situation in 2006.          Situation in 2006.	(1)The 2008-2011 average wheat, potatoes and fodder yields in Project areas to increase at least by 40% <u>over the base period</u> ;  &  by 95-100% by end of 2013-14.	Annual assessment under Project M&E system.

Objectives	Key performance indicator target at Project's end	Baseline	Critical benchmarks and target dates	Sampling frequency
	From 40.0 to 48.0 iv)Orchards rainfed: 1.0 to 1.5; irrigated:2.2 to 4.2		(2) 25% of participating farms reach a commercial level of production (over 50% of produce sold for cash) by 2013-2014.	
	Carrying capacity of pastures is to be maintained or increased on target pasture lands (targets to be identified)	Situation in 2006.		Project environmental monitoring
	Carbon storage per hectare increases (targets to be identified)	<i>Situation in 2006.</i>		Project environmental monitoring
	Agro-biodiversity increases (indicators to be identified)	<i>Situation in 2006.</i>		Project environmental monitoring
<b>Component 1: Policy and Institutional Development and Reform</b>				
1.1 Land Use Rights Secured	Raion Administrations operating efficient, transparent, fair and effective land registration systems by end year 3	Situation in 2006	Annual progress Traced in qualitative terms for each project raion.  At project completion a consolidated review of progress and trends	Annual Progress reports & Annual M& E reports.  Observations of periodic supervision missions.  Farm surveys
	100% of dekhan farms with land certificates (30 % of women)	Situation in 2006	Annual progress traced in <i>quantitative</i> terms for each project raion.	A mid-term review of governance issues at local government level, with special reference to assessment of progress in land rights administration
	Incidents of land disputes identified and resolved	Situation in 2006	Annual progress traced in qualitative terms for each project raion- with an illustrative summary of	

<b>Objectives</b>	<b>Key performance indicator target at Project's end</b>	<b>Baseline</b>	<b>Critical benchmarks and target dates</b>	<b>Sampling frequency</b>
	No farmers reporting compulsory land usage	Situation in 2006	Annual progress traced in qualitative terms for each project raion- with an illustrative summary of typical cases/complaints reported and response of higher authorities	Issues to be covered in Project Completion Report
1.2 Policies and Institutions for Pasture lands Improved	National policy and strategy for pasture land and livestock management	Situation in 2006	Policy Statement issues in year 2 –i.e. in 2008  & Formalized after consultative process in 2010	Presidential Decree issued
	Restructured institutions for pasture land management	Situation in 2006	Restructuring completed in year 6 (2013)	Government pronouncement showing reduced number of institutions and changed functions and responsibilities
	Legislation approved	Situation in 2006	Legislation enacted in year 4	National/oblast administration reports CACILM Report
	Equitable access to all categories of pastures		Periodic Farm Survey	Project Reports Raion Administration reports
1.3 Administration and Institutional Aspects of Business Development Improved	Streamlined business registration process installed in all raions	Situation in 2006	In project year 3  Raion Administration reports confirm that system installed	Annual Project Reports on progress in each Raion
	Reduced registration	Situation in	In project year 4	Annual Project

<b>Objectives</b>	<b>Key performance indicator target at Project's end</b>	<b>Baseline</b>	<b>Critical benchmarks and target dates</b>	<b>Sampling frequency</b>
	time	2006	A sample study on registration time taken	Reports on progress in each Raion
	Reduced inspection frequency and duration	Situation in 2006	The above sample study to also cover inspection frequency	
	Incidence of business interference by raion authorities eliminated	Situation in 2006	CACILM report to cover this aspect	The mid-term review of governance issues at local government level
<b>Component 2. Sustainable Pasture, Arable and Forest Land Management Improved</b>				
Output 2.1  Pasture and Livestock Planning and Management Skills Demonstrated	At least 5 pasture user groups established year 3	Situation in 2006	Benchmark target: Project year 4	Project reports
	At least four pilot sites based on at least two different livestock production systems reformed pasture land and management systems year 2	Situation in 2006	Benchmark target: Project year 2	Project reports
	Methodologies for reorganization of pasture land administration and tenure extended by raion authorities to all areas year 4	Situation in 2006	Benchmark target: Project year 4	Project survey
	Improved land condition and associated biodiversity status year 6	Situation in 2006	Benchmark target: Project year 6	Project reports
	Improved winter feeding and economic performance year 6	Situation in 2006	Benchmark target: Project year 6	Project surveys Project reports
	New approaches and techniques for monitoring livestock and pastures is	Situation in 2006	Benchmark target: Project year 4	Raion monitoring reports

<b>Objectives</b>	<b>Key performance indicator target at Project's end</b>	<b>Baseline</b>	<b>Critical benchmarks and target dates</b>	<b>Sampling frequency</b>
	adopted by raion authorities year 4			
<b>Output 2.2</b> Capacity for Effective Land Management Improved	Trained pasture land planning and management graduates year 5	Situation in 2006	Benchmark target: Project year 5	University reports
	Trainers demonstrate competency in new approaches and techniques	Situation in 2006	Benchmark target: Project Annual Progress recorded	Project reports
	Institutional link is established between foreign and local training institution year 4	Situation in 2006	Benchmark target: Project year 4	Project reports
<b>Output 2.3</b> Degraded Lands Rehabilitated	35 % farmers practicing appropriate land management techniques	Situation in 2006	Benchmark target: Project Annual Progress recorded	Project surveys Project reports
	Farming on sloping land above 30 degrees eliminated	Situation in 2006	Benchmark target: Project Annual Progress recorded	Farm surveys Project reports
	25% of pasture and sloping agriculture land managed sustainably	Situation in 2006	Benchmark target: Project Annual Progress recorded	Project surveys Project reports
	20% of degraded arable land rehabilitated	Situation in 2006	Benchmark target: Project Annual Progress recorded	Project surveys Project reports
	At least 5 community forest groups established year 2	Situation in 2006	Benchmark target: Project Annual Progress recorded	Project surveys Project reports
<b>Component 3: Agricultural &amp; Rural Business Support</b>				
<b>Output 3.1</b> Demand-driven Farm and Rural Business	Advisory centers established	Situation in 2006		Project reports

<b>Objectives</b>	<b>Key performance indicator target at Project's end</b>	<b>Baseline</b>	<b>Critical benchmarks and target dates</b>	<b>Sampling frequency</b>
Advisory Services Established and Sustainably Operated				
	___ master farmers trained and competent to deliver required training (% of women)		Benchmark target: Project Annual Progress recorded	Advisory center reports Project reports
	___ farmers adopting improved farming practices (% of women)	Situation in 2006	Benchmark target: Project Annual Progress recorded	Farm survey Advisory center reports Project reports
	Service Centers privatized year 5	Situation in 2006	Benchmark target: Project Annual Progress recorded	Project reports
	Staff of appropriate agriculture training institutions competent to deliver farm management, extension, and farm business development courses	Situation in 2006	Benchmark target:  Project Annual Progress recorded	Project Reports
	Number of enterprises supported and established/expanded	Situation in 2006		Project reports
	Diversity of enterprises increased	Situation in 2006		Advisory center reports Project reports
	Number of contracts developed with marketing outlets and agribusinesses	Situation in 2006		Advisory center reports Project reports
	Number of export links established and maintained	Situation in 2006		Advisory center reports
	Up to ___ entrepreneurs trained in	Situation in 2006		Project reports



<b>Objectives</b>	<b>Key performance indicator target at Project's end</b>	<b>Baseline</b>	<b>Critical benchmarks and target dates</b>	<b>Sampling frequency</b>
	organizational, management, and financial arrangements for business enterprises			
<b>Output 3.2</b> Market Information System Operational	Market information regularly reaches 50% of farmers	Situation in 2006		Project survey Project reports
	Number of farmers requesting services and willingness to pay	Situation in 2006		Project survey Project reports
<b>Component 4: Rural Infrastructure Improvement</b>				
<b>Output 4.1</b> Raion and Jamoat Infrastructure Planning and Maintenance Capacity Improved	Infrastructure plans developed for sectors with projects being submitted for Project financing	Situation in 2006		Raion and jamoat plans Project reports
	Each project proposal includes realistic physical and financial maintenance plan	Situation in 2006		Project proposals
<b>Output 4.2</b> Raion and Community Infrastructure Improved with Sustainable O&M Arrangements	Raion and community level infrastructure projects completed with 100% O&M funding	Situation in 2006		Raion report Project report
	User associations formed and responsibilities for O&M agreed for each relevant project site	Situation in 2006		Raion report Project report
	Raion Administrations establish effective systems for maintenance	Situation in 2006		Raion report Project report
	Infrastructure effectively maintained	Situation in 2006		Raion report Project report

Objectives	Key performance indicator target at Project's end	Baseline	Critical benchmarks and target dates	Sampling frequency
<b>Component 5: Project Management</b>				
<b>Output 5.1</b> Project Managed Effectively	Timely implementation of work schedule and delivery of inputs and outputs for the Project	--		Annual work plans and budgets  Project reports
	Timely, accurate, and comprehensive reporting of Project's progress to Government and ADB	--		
<b>Output 5.2</b> Project Monitored and Evaluated Effectively	Effective project management and monitoring systems, including Project Performance Management System (PPMS) operationalized	--		M&E reports



## ANNEX F: STAKEHOLDER PARTICIPATION PLAN

Project components	Stakeholders	Capabilities/ Current role	Interest in RDP	Possible conflicts/mitigation strategy
	Primary Stakeholders			
<p><b>1. Policy and Institutional Development and Reform</b></p> <p>+ GEF Alternative: Strengthening Planning Incentives for Ecologically Sustainable Pasture Land Management</p>	<p>dekhan farms</p> <p>Collective dekhan farms</p> <p>Dehkan farmers</p>	<p>Daily experience of arable and pasture land management</p> <p>Largely subsistence-based farming due to lack of support services &amp; information</p> <p>Lack of awareness about laws relating to issue of land certificates</p>	<p>Project injects motivation &amp; provides support services to shift from subsistence to market based production systems.</p> <p>To see RDP facilitate further reforms of agriculture that improves livelihoods</p> <p>To see Improved incentives for uptake of SLM practices.</p>	<p>Incidents of land disputes will be identified and resolved.</p> <p>Greater participation of community based organizations</p> <p>Greater awareness of their land rights &amp; grievance redress mechanisms</p>
	<p>Jamoat (sub-district local administrative entity)</p> <p>Raion &amp; Oblast Administrations</p>	<p>Discretionary use of decision making powers.</p> <p>Authoritarian Mind-set</p>	<p>Raion administrations keen to participate in training and capacity building support</p> <p>Project activities are of interest to local level administrations</p>	<p>Possible resistance of some to the prospect of disappearance of the inefficient but secure <i>shirkat</i> environment</p>
	<p>SCLM (State Committee on Land Management (IA)</p> <p>Ministry of Agriculture (EA)</p>	<p>Mandated responsibilities in own technical areas but a limited experience of integrated land use planning</p>	<p><i>To help create an environment conducive to investment in increasing and maintaining land</i></p>	<p>Initial resistance to change &amp; reluctance to work in participative modes.</p> <p>Training &amp; incentives to follow rule-based &amp; transparent mode of functioning</p>

	Ministry of Economy & Trade	and management  Weak institutional and management capacity	<i>productivity</i>  Look to inflow of aid funds and some useful development activities to engage in	
<b>Project components</b>	<b>Stakeholders</b>	<b>Capabilities/ Current role</b>	<b>Interest in RDP</b>	<b>Possible conflicts/mitigation strategy</b>
	UNCCD Focal Point          PMU & PSC	Experience with NAP/CD & CACILM NPF, but strapped by Funding & capacity constraints.       Being established under the project	Already Active in CACILM activities & with considerable Interest in implementation of NPF, including this project     Main engine to drive project activities	Greater emphasis on inter-agency coordination       Focus on Institution building support & better facilities & skill up-gradation.   Procurement tasks could be challenging
	National Technical & Research Institutes	Handicapped by shortage of funds & facilities	Keen to be involved with appropriate role	Need strengthening and incentives for “out-of-the box thinking, so that can be creative to search for innovations
	ADB       GEF	Already active in development projects in the country    A n agency with wide experience in support for environmental sustainability in key focal areas, including land degradation	Plays a leadership role    Interested to see the project generates global environmental benefits	Looks to synergies with areas such as biodiversity and climate change in the context of RDP & CACILM    Enhanced collaboration between National Focal Points for international Conventions.

	<b>Secondary stakeholders</b>			
	State Committee on Environmental Protection & Forestry Private sector service providers,  NGOs & Civil Society		Interested to participate in project activities, but not clear on modalities	Scope for private sector involvement  Partnership/ collaboration with civil society/NGOs is considered useful and will be encouraged, in areas such as mobilization of target groups/women & in social intermediation
<b>Project components</b>	<b>Stakeholders</b>	<b>Capabilities/ Current role</b>	<b>Interest in RDP</b>	<b>Possible conflicts/mitigation strategy</b>
<b>2. Pasture, arable and forest land management</b>  + GEF Alternative: (i) <b>Sub-component B:</b> <i>Capacity Building for Integrated Land Management</i>  (ii) <b>Sub-component C:</b> <i>Management and Rehabilitation of pasture lands, arable land and forest land for livelihood and environmental benefits.</i>	Pasture land users  MOA (EA)  Ministry of Water Resources & Land Reclamation  State Committee on Environmental Protection and Forestry	Poorly used pasture lands, such as overgrazing, lack of re-vegetation  Facing funding constraints &  weak institutional capacity & skill gaps	To improve livelihoods, provide for own families, pass on inheritance Interested in integrated approach to land management  Look to opportunities for training in pasture land planning & management at graduate level  Interest in pilot demonstrations for sustainable land management practices & land reclamation exists & public and private sector stakeholders would like to participate; so no constraint on the demand side	A careful assessment of land degradation & identification of issues through bottom-up participatory action planning is crucial.  Community driven initiatives give greater stake in project interventions.  Equitable access to all categories of pastures should get rural households on board to welcome proposed changes.  However, improved communications for awareness building needed as envisaged in the RDP

	<b>Secondary stakeholders</b>			
	Students and agricultural educational institutions  Agriculture scientists and practitioners  NGOs	Some experience in selected aspects of land management	Look at training as an opportunity to work as service providers  Keen to serve in development of rural areas to which most of them belong	Risk of “one-issue” bias in the work of NGOs. Consultation, attention to TOR and monitoring required.
			The design of RDP is meant to be highly participatory	However, participatory mechanisms have to be viewed as an evolving process.
<b>Project components</b>	<b>Stakeholders</b>	<b>Capabilities/ Current role</b>	<b>Interest in RDP</b>	<b>Possible conflicts/mitigation strategy</b>
<b>3. Agricultural &amp; Rural Business Support.</b>  <i>GEF Alternative Sub-Component D: Demand-driven Farm and Rural Business Advisory Services</i>	MOA SCLM  Oblast and raions  ADB    GEF	Low productivity and sluggish rural business environment  Weak service delivery and access to credit	Farmers look to a coherent set of support services, including advisory services and access to credit.  Rural entrepreneurs also look to similar type of demand driven support	Skepticism about government’s capacity.  This would disappear, if rural populations and community leaders are involved in project planning and are made aware of project activities and how to access them, at the initial mobilization phase.
	<b>Secondary stakeholders</b>			
	Development partners / NGOs active in land management and environmental protection	Experience of rural development and environmental protection initiatives, experience of project and program administration	To benefit from stronger national institutions in implementing own projects	Issues of conflict of interest arise and need to be resolved

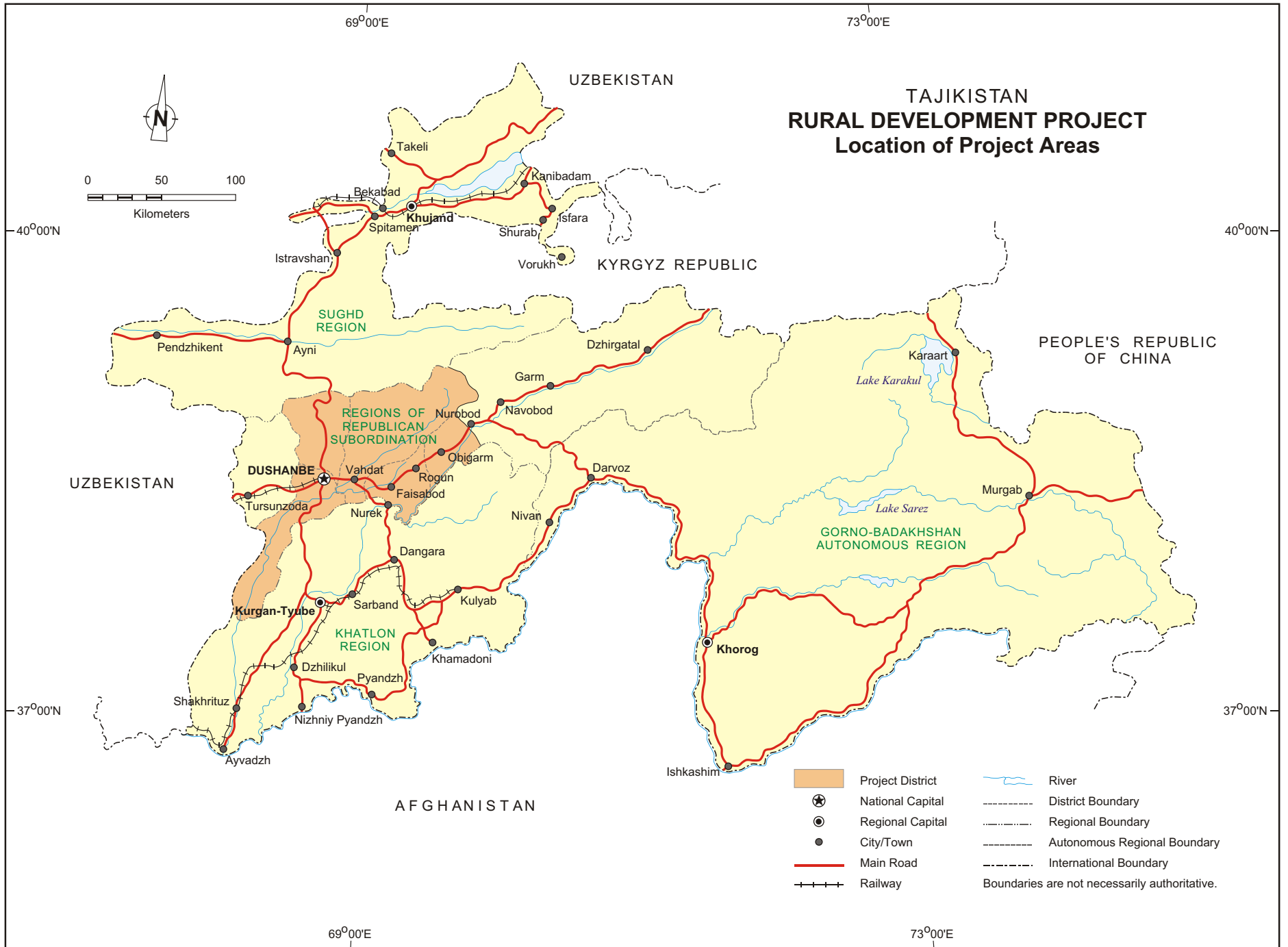
<b>4. Rural Infrastructure Improvement</b>	Raions & Jamoats  Rural communities'  Government Agencies involved with civil works  PMU  SCLM/MOA  ADB	Rural infrastructure has been in state of neglect over a long period, with little attention to O&M, and limited new investments.	Look to infrastructure plans being developed which respond to local priority needs.  Raion administrations establish effective systems for maintenance.	Procurement & contracting processes should be, and should be perceived as being transparent.  ADB guidelines would ensure this.
	<b>Secondary stakeholders</b>			
	Civil society Environmentalists  Private contractors		Look forward to certain degree of consultation as investments are being planned.	Resettlement and environment become active concerns, often when implementation gets underway.
<b>Project components</b>	<b>Stakeholders</b>	<b>Capabilities/ Current role</b>	<b>Interest in RDP</b>	<b>Possible conflicts/mitigation strategy</b>
<b>5. Project management</b>  <b>GEF Alternative</b>  <i>Sub-component E: Monitoring and Evaluation of Project Environmental Impacts</i>	SCLM MOA  Project Screening Committee  PIU  ADB  GEF	Experience of implementing and monitoring state-financed and donor c-financed projects in the sector.  Asia-wide experience of implementing rural development and irrigation rehabilitation projects with expanding M&E content  Experience of co-financing	To ensure effective implementation of the Project  To satisfy a range of M&E requirements. To develop national ability to communicate results of M&E  To ensure that the Project's environmental	



		projects at the agriculture-environment divide and monitoring their environmental impacts	impacts are assessed and lessons made available to GEF and partners & for wider dissemination	
	<b>Secondary stakeholders</b>			
	Civil society  Development partners	Until now, limited participants in the national debate about the patterns of agricultural development and land use management  Experience in monitoring and evaluation of own project including some experience of participatory M&E	To be informed about the Project's impacts and gain confidence in the results' reliability and objectivity  To learn from the experience of RDP	

**ANNEX G:  
PROJECT MAP**

# TAJIKISTAN RURAL DEVELOPMENT PROJECT Location of Project Areas



- |  |   |
|--|---|
| <span style="display: inline-block; width: 15px; height: 10px; background-color: #c88639; border: 1px solid black;"></span> Project District | River   |
| National Capital   | District Boundary                             |
| Regional Capital   | Regional Boundary                             |
| City/Town  | Autonomous Regional Boundary                  |
| Main Road  | International Boundary                        |
| Railway  | Boundaries are not necessarily authoritative. |

## ANNEX H: CONSULTANT SERVICES

### Outline Terms of Reference

#### A. Introduction

1. The loan will be implemented through five contracts, for: (i) consulting services for the project management unit (PMU), (ii) a pasture land management sector study, (iii) improvement in capacity for effective land management, (iv) agricultural and business advisory services, and (v) establishment of a market information system.

#### B. Contract 1: Project Management Unit

2. The PMU will be responsible for overall project coordination and for some outputs. Lack of local capacity, particularly in the Executing Agency (EA), means that a higher than normal level of international consulting inputs and national consultants in supporting roles will be required. The international inputs will comprise (i) the team leader/farm management specialist (26 person-months over 4 years), a monitoring and evaluation (M&E) specialist (7 person-months over 4 years), an environmental monitoring specialist (4 person-months over 3 years), a procurement and contracts specialist (4 person-months over 2 years), a social and gender development specialist (7 person-months over 3 years), and a financial management specialist (9 person-months over 2 years). The national consultants will comprise the deputy team leader, an accountant and an assistant accountant, *raion* coordinators, a social and gender development specialist, a community participation specialist, an environmental specialist, an M&E specialist, and an IT specialist, for 72 person-months each; and a legal specialist (42 person-months), a procurement specialist (66 person-months), and an internal auditor (21 person-months).

3. The international consultants will have the following Project-wide responsibilities: (i) supporting the project steering committee (PSC) in defining and tendering contracts, and selecting bidders; (ii) training national consultants and counterpart staff to enable them to assume control of the Project as soon as possible; (iii) establishing and implementing sound and auditable financial systems and controls; (iv) providing overall project coordination, including coordinating surveys such as the baseline survey which provide information of value to more than one project component; (v) setting up M&E procedures, and training national and counterpart staff in their use; (vi) setting up procurement systems, and ensuring that these are understood by all relevant partners; and (vii) providing initial supervision of the audit process. The project management unit (PMU) will ensure due diligence of microfinance institutions interested in becoming lenders under the microfinance contract, and compliance of funding requests for investments under the infrastructure component with all requirements.

4. National consultants will assist the international consultants, and take over responsibility for specific tasks as soon as practicable. In addition, they will provide: (i) ongoing oversight of progress in improving land-use rights;<sup>1</sup> (ii) ongoing maintenance of accounting systems according to specifications; (iii) advice and assistance to all contractors in the incorporation of participatory techniques and gender issues into project components; (iv) legal advice and guidance, in particular in relation to land tenure, business registration and development, and the

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<sup>1</sup> Satisfactory progress in safeguarding land use and freedom to farm will be a condition for the release of the second and third tranches for infrastructure rehabilitation/development, as will progress in improving the local enabling environment for business registration and development.

implications of proposed policy and legislative changes; (v) coordination, design, enumeration and analysis of all surveys specified in the project design; (vi) monitoring and evaluation of all aspects of the Project; and (vii) infrastructure prioritization, and design and supervision.

### **C. Contract 2: Sustainable Pasture, Arable, and Forest Land Management**

5. The contract will meet three project outputs: improvement of policies and institutions for pasture land (output 1.2); demonstration of skills in pasture land and livestock planning and management (output 2.1); and rehabilitation of degraded lands (output 2.3).

6. The first output (1.2) in this contract will provide a national sector assessment and road map for the sustainable land management of pastures and associated arable and non-timber forestry land. It will produce policies and a strategy for pasture land, and draft regulations and legislation. It will require 43 person-months of international and 108 person-months of national consulting services.<sup>2</sup> The work will be completed within a 12-month period, and will form the basis for subsequent and more detailed demonstrations of improvements, to be achieved under other project activities and to be delivered by the same team of consultants. The contract provides for (i) a high-level international conference on pasture management and land degradation (\$100,000), (ii) a geobotanic survey (\$75,000), (iii) a social survey focusing on pasture areas (\$75,000), (iv) the production of remote-sensing images (\$100,000), and (v) the supply of GIS software (\$50,000).

7. The second output (2.1) will build on the sector assessment in output 1.2, but within the project area. It provides for the demonstration of skills in pasture land and livestock planning and management. It will build on the implementation of the policies and improved practices identified as necessary, using demonstration sites where pasture user groups will be formed and trained. The training will cover farming systems, basic livestock and pasture husbandry, and issues such as winter feed and the restoration and management of trees and shrubs. The work will include follow-up geobotanic surveys in each project *raion*; midterm national and regional workshops, where experiences and results can be shared; a contribution toward revegetation costs; and progressive increases in the numbers of field trials and demonstration sites.

8. The consultants will be as follows: international (6 person-months) and national (54 person-months) rangeland management specialists, international (3 person-months) and national (54 person-months) pastureland rehabilitation specialists, an international biodiversity rangeland ecologist (3 person-months), a national livestock specialist (54 person-months), a national institutional and policy specialist (27 person-months), a national social specialist (27 person-months), and a national legal specialist (18 person-months). Consultants working on legal and social issues will also work on other outputs to be provided under this contract.

9. The final output of this contract (2.3) is the rehabilitation of degraded lands. The focus will be on degraded arable land, especially sloping land that has been converted from pasture to arable land.<sup>3</sup> The Project provides for the restocking of vegetation (\$100,000), remote-sensing imaging (\$50,000), national workshops to disseminate results more widely (\$30,000), and a study tour (\$10,000) as well as field days and demonstration sites.

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<sup>2</sup> Consultants (international and national person-months in brackets) will be as follows: rangeland management specialist (10 and 12), institutional and policy specialist (4 and 12), biodiversity rangeland economist (4 and 12), natural resource economist (4 and 12), remote sensing specialist (4 and 12), livestock specialist (2.5 and 12), social specialist (4.5 and 12), land tenure specialist (4 and 12), and legal specialist (6 and 12).

<sup>3</sup> Local officials often insist on this, in exchange for granting land-use rights to farmers.

10. The consultants will comprise international (10 person-months over 4 years) and national (54 person-months) sustainable land management specialists, international (4 person-months over 2 years) and national (54 person-months) land degradation and soil erosion specialists, international (5 person-months over 4 years) and national (54 person-months) community forestry specialists, and the following national consultants: a crop agronomist (54 person-months), a water management specialist (54 person-months); a remote-sensing and GIS specialist (54 person-months), a social specialist (30 person-months), and an institutional and policy specialist (27 person-months). The national social specialist and the national institutional and policy specialist will also work on output 2.1.

#### **D. Contract 3: Improved Capacity for Effective Land Management**

11. This contract will address the need to develop capacity to deliver updated training and education in an existing education institution, to degree or diploma course level. Training will cover both introductory and advanced pasture land management. The Project will deliver full curricula and teaching aids, and provide co-teaching with national staff and the establishment of a training demonstration field station to be used in conjunction with the teaching. In addition, there will be a program of visiting lecturers. The improved curricula will be mainstreamed into the Tajikistan teaching program. There will be provision for Tajiks to attend appropriate international short courses (\$36,000) and to upgrade library resources (\$10,000).

12. The international consultants will be a pastureland education specialist (16 person-months over 3 years) and visiting lecturers (3 person-months). A national faculty course coordinator and a demonstration site coordinator will also be retained, both for 48 person-months over 4 years.

#### **E. Contract 4: Agriculture and Rural Business Support**

13. This contract will cover the delivery of advisory services to farmers and rural businesses in each of the project *raions*. Contract funding will have two elements—overall management and development of the support centers themselves, and the employment of specialist advisers to be based in the centers, providing the outreach services and demonstrations to farmers. Overall supervision of the development of the contract will come from the PMU. This responsibility will include monitoring performance and outcomes, using national and, where applicable, international specialists.

14. The supervisory and development consultants will comprise an international extension and business advisory specialist (11 person-months over 5 years), and three national consultants—an extension and business advisory specialist (60 person-months, during which this specialist will take over responsibility from the international specialist), a farm management specialist (60 person-months), and a small and medium enterprise development specialist (36 person-months). The consultants will train and supervise the outreach specialists, who will comprise, for each center, an agronomist, a livestock specialist, an engineer, a gender specialist, a business development planner, and a lawyer. Significant emphasis will be given to practical outreach and advice to farmers and rural businesses. Training, field days, and demonstration sites will form an important part of this outreach. The centers will also be available to disseminate market intelligence collected under contract 5 (below), provide advice on developments to *raion* officials, and act as a resource and referral center for individuals experiencing difficulties with land tenure.

## **F. Contract 5: Market Information System**

15. This contract will address the need for farmers and rural businesses to have access to up-to-date and accurate information on market prices; availability of good-quality agricultural inputs; potential markets for products; and, in the medium term, opportunities to establish new export markets or substitute local products for imported goods.

16. The contract will cover ongoing research on market prices and trends, and the dissemination of this information to farmers and interested parties by whatever media are considered most appropriate for the users—possibly including a Web site, local newspapers or radio, and mobile phone hotlines. At the start, the service will cover both local markets in the *raions*, and the Dushanbe market. If appropriate, the information database will be extended to include wider national and regional markets and networks of suppliers and agro-processing facilities.

17. The contract will cover international (4 person-months) and national (144 person-months) marketing and management information specialists, national market information officers (198 person-months, for the frequent updating of market information and the database), and one national IT specialist (72 person-months) for Web site development and updating, and the installation and management of all computer systems and the database.

**ANNEX I:  
ADB RURAL DEVELOPMENT PROJECT  
REPORT AND RECOMMENDATION OF THE PRESIDENT**





# Report and Recommendation of the President to the Board of Directors

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Project Number: 37530  
December 2006

Proposed Loan and Asian Development Fund Grant  
and Technical Assistance Grant  
Republic of Tajikistan: Rural Development Project

Asian Development Bank

## CURRENCY EQUIVALENTS

(as of 6 December 2006)

Currency Unit	–	somoni (TJS)
TJS1.00	=	\$0.295
\$1.00	=	TJS3.384

## ABBREVIATIONS

ADB	–	Asian Development Bank
ADF	–	Asian Development Fund
CACILM	–	Central Asian Countries Initiative for Land Management
CBO	–	community-based organization
CIDA	–	Canadian International Development Agency
EA	–	executing agency
EIRR	–	economic internal rate of return
EMP	–	environmental management plan
GDP	–	gross domestic product
GEF	–	Global Environment Facility
ha	–	hectare
IEE	–	initial environmental examination
MFI	–	microfinance institution
MIU	–	market information unit
MOA	–	Ministry of Agriculture
MOF	–	Ministry of Finance
NBT	–	National Bank of Tajikistan
NCB	–	national competitive bidding
NGO	–	nongovernment organization
O&M	–	operation and maintenance
PMU	–	project management unit
PSC	–	project steering committee
SCLM	–	State Committee for Land Management
SDC	–	Swiss Agency for Development and Cooperation
TA	–	technical assistance
UNDP	–	United Nations Development Programme
USAID	–	United States Agency for International Development

## GLOSSARY

<i>dekhan</i>	–	farmer (literally, “peasant”)
<i>dekhan farm</i>	–	private or cooperative farm
collective <i>dekhan farm</i>	–	renamed collective or state farm
<i>jamoat</i>	–	administrative unit below <i>raion</i> , comprising a group of villages; also the lowest level of local government administration
oblast	–	province
<i>raion</i>	–	district

## NOTES

- (i) The fiscal year (FY) of the Government and its agencies ends on 31 December.
- (ii) In this report, "\$" refers to US dollars.

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## LOAN AND PROJECT SUMMARY

<b>Borrower</b>	Republic of Tajikistan
<b>Classification</b>	Targeting classification: General intervention Sector: Agriculture and natural resources Subsector: Agriculture production, agroprocessing, and agribusiness Themes: Sustainable economic growth, environmental sustainability, and gender and development Subthemes: Developing rural areas, natural resources conservation, and gender equity in opportunities
<b>Environment Assessment</b>	B. The summary initial environmental examination (SIEE) is in Supplementary Appendix J.
<b>Project Description</b>	<p>The Project takes a holistic and coordinated approach to rural development to address problems and constraints, enhance opportunities, and integrate agriculture more effectively into the rural economy. The Project will focus on five contiguous <i>raions</i> (districts)—Faizabad, Rogun, Rudaki, Vahdat, and Varzob—located around the capital, Dushanbe.</p> <p>The Project will (i) address land use security; (ii) develop policies and strategy for more effective pasture land management and capacity development; (iii) improve the administration and institutional aspects of business development; (iv) address the capacity and technical aspects of degradation of arable, pasture, and forest lands; (v) establish independent agriculture and rural business advisory services; (vi) establish an effective market information system; (vii) provide microcredit; and (viii) improve rural infrastructure in communities and <i>raions</i>.</p>
<b>Rationale</b>	<p>While agriculture is contributing to the economy, it is underperforming and therefore not contributing significantly to rural development and overall poverty reduction in rural areas. As farmers emerge from a primarily subsistence-based agriculture, in the transition to a market-oriented economy, agriculture still has a fundamental role in fostering rural economic growth and in diversifying and developing the rural nonfarm economy. Inclusive rural development requires high overall economic growth; effective land reform; adequate support services; the development of economic and social infrastructure; efficient and effective institutions; access to rural financial services; a dynamic agriculture sector, including attention to new technology, research, and the conservation of natural resources; and the development of rural nonfarm enterprises.</p> <p>At present, the key constraints to rural development in Tajikistan are: the limited freedom to farm and conduct business; the limited availability of support services; poor infrastructure; severe land degradation; and weak institutions. Such weaknesses need to be addressed, not independently of one another, but in an integrated,</p>

coordinated, and sustainable manner. In addition, there are persistent gender-based discriminatory practices, which affect women's equal access to resources, services, and opportunities. The Project will address all aspects of agriculture, from land use security, input supply, agro-processing, and marketing to enterprise and capacity development, to bring farmers out of subsistence production to commercial farming, and develop related farm and nonfarm enterprises. It will do all this with a gender and development focus and within an environmentally sustainable management framework.

The proposed area-focused approach will enable the Asian Development Bank (ADB) and other development partners to strengthen and coordinate the development activities in the five *raions* to enhance the development effectiveness of the assistance. The Project is expected to be supported with grant assistance from the Global Environment Facility, under the Central Asian Countries Initiative for Land Management.

The grant component of the Project will develop awareness of land and business rights; develop a modern curriculum for pasture land management and train associated staff; develop the capacity of *raions* to plan and maintain infrastructure; and procure consultants and equipment for project management.

#### **Impact and Outcome**

The Project will increase the farm and nonfarm incomes of rural households. As a result of the Project, farms and rural enterprises in Faizabod, Rudaki, Rogun, Vahdat, and Varzob are expected to become more productive and profitable within an environmentally sustainable management framework.

#### **Project Investment Plan**

The investment cost of the project is estimated at \$23.3 million, including taxes and duties of \$1.3 million. ADB will finance \$17.1 million equivalent—\$8.8 million equivalent from Asian Development Fund (ADF) sources and \$8.3 million with an ADF IX grant. The Global Environment Facility (GEF) will finance \$3.5 million equivalent, the Government, \$1.65 million equivalent, and beneficiaries, \$1.05 million equivalent.

#### **Financing Plan**

A loan in various currencies equivalent to SDR 5.92 million (\$8.8 million) from ADB's Special Fund resources will be provided. The loan will have a 32-year term, including a grace period of 8 years, an interest rate of 1% yearly during the grace period and 1.5% yearly thereafter, and such other terms and conditions as are set forth in the Financing Agreement. The loan will meet the costs of the infrastructure development, microfinance, and office and equipment requirements. The ADF IX grant of \$8.3 million will finance international and national consultants, agricultural and rural business advisory staff and services, equipment, vehicles, training, and monitoring and evaluation. The GEF grant, if approved, will meet the costs of the implementation of the pasture land sector assessment recommendations, the rehabilitation of degraded lands, consulting services, and equipment. The

Government will finance taxes and duties, counterpart staff, and the services of the course coordinator for the pasture land curricula development and teacher training. The beneficiaries will finance their contribution for the community infrastructure and part of their credit requirements.

<b>Allocation and Relending Terms</b>	The loan funds will be provided by the Government to the <i>raions</i> as a grant, except for a \$4.0 million equivalent credit line to be made available to borrowers by the Ministry of Finance (MOF) through microfinance institutions (MFIs). MOF will onlend the funds in somoni or Dollars. Somoni loans will be at 75% of the National Bank of Tajikistan (NBKR) interbank interest rate. Dollar loans will be at floating rate based on the 6-month LIBOR for Dollars. The MFIs will bear the foreign exchange risk and will relend to subborrowers under separate loan agreements acceptable to ADB.
<b>Period of Utilization</b>	Until 30 September 2014
<b>Estimated Project Completion Date</b>	31 March 2014
<b>Implementation Arrangements</b>	A project steering committee (PSC) will be created, the Ministry of Agriculture (MOA) will serve as the Executing Agency (EA) and the State Committee on Land Management (SCLM) as the Implementing Agency (IA), and a project management unit (PMU). Various activities of the Project will be contracted out to nongovernment organizations and other local service providers.
<b>Executing Agency</b>	Ministry of Agriculture
<b>Procurement</b>	Goods, related services, and civil works will be procured according to ADB's <i>Procurement Guidelines</i> (April 2006, as amended from time to time).
<b>Consulting Services</b>	The Project will provide 2,260 person-months of consulting services, to be provided by international (184 person-months) and national consultants (2,076 person-months). The consultants will be selected under separate consulting-firm contracts for: pasture land sector assessment and implementation; the development of curricula and capacity in pasture land management at an educational institution; agriculture and rural business advisory services; the establishment of a market information system; and project management. The consultants will be recruited according to ADB's <i>Guidelines on the Use of Consultants</i> (April 2006, as amended from time to time). The selection will be based on full technical proposals and quality for the first two contracts, and on quality and cost for the other three contracts.
<b>Project Benefits and Beneficiaries</b>	Without the Project, there will continue to be low incomes and high rates of rural poverty because of very low crop and livestock yields and an environment that is not conducive to commercial farming, agribusiness, and rural enterprises. The Project will



address the constraints on increasing rural incomes by improving crop and livestock yields, pasture land management, and opportunities for commercial farming, agribusiness, and rural enterprises.

Improved land use security for about 10,000 farmers, through the facilitation of the ongoing farm restructuring and land registration process in collaboration with other development partners working on land reform issues, will encourage private sector growth in the agriculture and agribusiness sectors.

Secure land use rights, together with agricultural extension services, credit, and improved input supply, are expected to improve crop productivity significantly. The productivity increases are further expected to increase per capita income from an average of TJS200 (\$60) to TJS580 (\$170) for rainfed crop farms and to TJS804 (\$237) for irrigated farms.

Secure land use and proper pasture land management, together with the necessary support services, can realistically increase annual milk production by at least 50%; the total number of calves reared by 100%; lambing percentages by 100%; and kidding percentages to 150%. These improvements will allow the 35,000 or so farm families that currently have livestock in the project area to increase their incomes and assets significantly.

Rural business development will generate significant benefits by supporting profitable agricultural processing and other rural enterprises. The rural infrastructure, prioritized by the local communities, will remove current physical infrastructure constraints. Indicative models of rural water supply and irrigation subprojects show benefits in excess of the costs involved.

The Project-wide economic analysis, excluding rural infrastructure component, shows the Project generating an economic rate of return of 18%. The sensitivity analysis indicates stable rates of return.

The Project will bring social benefits, particularly for poorer beneficiaries, through improvements in land use security, the rural business environment, access to pastures, and livelihood activities.

No significant negative environmental impact is likely. The Project is likely to have a significant positive impact on soil and water resources, grassland productivity, watershed condition, agricultural development, institutional development, public health, and social capital. To support effective project implementation, a resettlement framework, a participation plan, a gender action plan, and specific actions for ethnic minorities have been prepared.

## **Risks and Assumptions**

While the expected benefits are promising, there are some risks attached to the Project. The success of market-oriented private

farming and agribusiness depends heavily on secure land use rights for farmers and an enabling business environment. The Project will attempt to reduce these risks by engaging in continuous dialogue with higher levels of government and providing the necessary training and capacity development to farmers and local government officials, to facilitate the reform process.

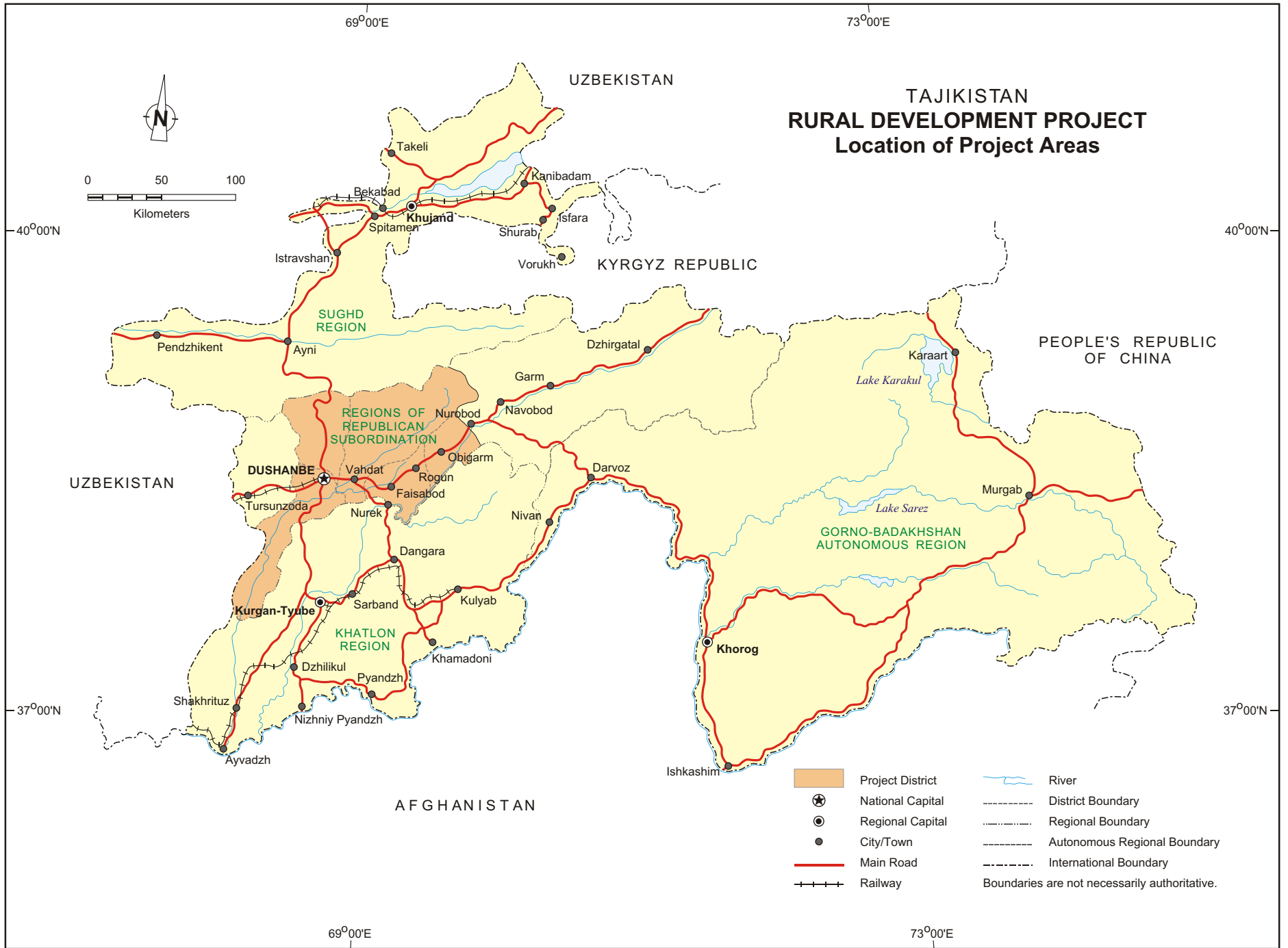
The Project is a combination of investments, policy reforms, capacity development, and dissemination of technical and business-related knowledge. The knowledge and capacity development components, generally, have much higher multiplier impact, but the benefits are long-term and mostly intangible. There is a risk that investment components, particularly infrastructure components, may assume a prominent role in the Project and take resources away from the policy, capacity development, and knowledge components. The Project will address this risk by setting a cap on the infrastructure component.

The development partner community has noted corruption, fraud, and abuse of funds in previous and current projects. ADB will address these issues by ensuring proper accounting and procurement staffing of the PMU. In addition, an independent audit of accounts will be conducted by a certified and reputable auditing firm to reduce the risk of misuse of ADB funds.

### **Technical Assistance**

The technical assistance (TA) Capacity Building for Local Government will improve economic and social development in the five *raions* of Faizabod, Rogum, Rudaki, Vardat, and Varzob. Capacity for economic and social planning is expected to improve as a result. A grant of \$600,000, to be provided by ADB through its TA funding program, will finance the services of international (12 person-months) and national consultants (108 person-months). MOA will be the EA for the TA, which will be implemented over a period of 36 months, starting in 2007.

# TAJIKISTAN RURAL DEVELOPMENT PROJECT Location of Project Areas



## I. THE PROPOSAL

1. I submit for your approval the following report and recommendation on (i) a proposed loan, and (ii) a proposed grant, both to the Republic of Tajikistan for the Rural Development Project. The report also describes the proposed technical assistance (TA) for Capacity Development for Planning and Management in Local Government. If the Board approves the proposed loan and grant, I, acting under the authority delegated to me by the Board, will approve the TA.

## II. RATIONALE: SECTOR PERFORMANCE, PROBLEMS, AND OPPORTUNITIES

2. At the request of the Government of Tajikistan, Asian Development Bank (ADB) approved a TA for the preparation of the Rural Development Project (the Project).<sup>1</sup> The TA was carried out from October 2005 to July 2006. This report is based on the project preparatory technical assistance feasibility study, the findings of ADB missions, and discussions with government officials, other development partners, civil society, and beneficiaries. The project design and monitoring framework is in Appendix 1.

### A. Performance Indicators and Analysis<sup>2</sup>

3. Tajikistan is a small, mountainous, landlocked country, whose geographic location and history present formidable barriers to sustainable growth and development. Of the total area of 14.3 million hectares (ha), 30% is agricultural land, comprising pasture land (82%), arable land (16%), and perennial crops (2%). The total irrigated area of about 732,000 ha serves 504,000 ha of arable land, 122,600 ha of household plots, 79,500 ha of orchards and vineyards, and 25,900 ha for other uses. The main irrigated crops are cotton, grains (wheat and corn), fruits, and vegetables. About 46% of the total irrigated land is served by pumped systems.

4. Tajikistan has a narrow economic base, with agriculture providing the major source of livelihood for more than 64% of the population. Agriculture is particularly important for the economy, contributing about 24% of gross domestic product (GDP),<sup>3</sup> 66% of employment, 26% of exports, and 39% of tax revenue. Rural poverty incidence declined from 83% in 1999 to 64% in 2003.<sup>4</sup>

5. Crop production, which accounts for 74% of agricultural output, is dominated by cotton. Crop yields have increased substantially since 1998, although they remain extremely low by regional and international standards. Crop production has grown significantly faster than livestock production, accounting for 80% of sector growth from 1999 to 2003. Livestock ownership has shifted to households, which own about 90% of all livestock but control about 10% of the cultivated area for fodder and less than 1% of pastures. Meat and milk production is low, largely because of low fertility and poor nutrition. Access to pastures is limited and animals graze near settlements, causing overgrazing and environmental damage. More than 70% of horticultural output (about 1.0 million tons of fruit and vegetables) is produced on household plots.

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<sup>1</sup> ADB. 2004. *Technical Assistance to the Republic of Tajikistan for Preparing the Rural Development Project*. Manila.

<sup>2</sup> See Appendix 2 for further analysis of the sector.

<sup>3</sup> Aluminum, cotton, fruits, and vegetables constitute 40% of GDP, 70% of exports, and 10% of fiscal revenue (IMF 2005. IMF Executive Board Conclusions Article IV Consultation with the Republic of Tajikistan).

<sup>4</sup> Despite substantial progress, Tajikistan remains deeply poor: official GDP in 2004 was \$311 per capita. The most vulnerable people affected are female-headed households, children, the disabled, and those living in remote or disaster-prone areas.

6. Land is managed as large state and collective farms,<sup>5</sup> collective *dekhan* farms, private *dekhan* farms, and household plots. The average size of household plots is 0.2 ha, *dekhan* farms (including collective *dekhan* farms) 21 ha, and state and collective farms 213 ha. However, household plots contributed 51%, *dekhan* farms 37%, and state and collective farms 12% to agricultural growth from 1999 to 2003.

7. Agricultural processing of crops and livestock remains limited. Processing equipment is outdated, facilities are large and have overcapacity, and there is an increasing trend toward smaller-scale processing. Livestock processing plants have been privatized but operate at a fraction of their installed capacity, often in unsanitary conditions, and with obsolete equipment.

## **B. Analysis of Key Problems and Opportunities**

8. While agriculture has contributed significantly to economic growth and poverty reduction since 1997, it is still underperforming, and has considerable potential to contribute further to economic growth, rural development, poverty reduction, and exports. Tajikistan is still undergoing transition to a market-oriented economy, and as farmers emerge from a primarily subsistence-based farming agriculture still has a fundamental role in fostering rural economic growth and in diversifying and developing the rural nonfarm economy. A recent paper<sup>6</sup> summarized the major drivers of inclusive rural development as follows: high overall economic growth; effective land reform; adequate support services; the development of economic and social infrastructure; efficient and effective institutions; access to rural financial services; a dynamic agriculture sector, including attention to new technology, research, and the conservation of natural resources; and the development of rural nonfarm enterprises.

9. The key constraints on rural development in Tajikistan are: the limited freedom to farm and conduct business; severe land degradation; the limited availability of support services; poor infrastructure; and weak institutions.

10. Farmers and business entrepreneurs have limited freedom because of the restrictive enabling environment, largely at the *raion* (district) level. Most people have not been adequately informed of their land use rights. Some are dissatisfied with the allocation and demarcation of land parcels: at present the local *raion* authorities can take and reallocate land if its use is deemed improper or irrational. Similarly, rural businesses must endure the unpredictable behavior of local officials, primarily caused by differing interpretations of legislation and regulations, and the officials' lack of knowledge. This environment creates a high degree of insecurity among the people with respect to land use and business rights and discourages them from investing in land, farming, or developing commercial business. A more favorable farm and business environment is essential for land use security, investments in land and farming, and investments in small and medium enterprises that will deliver input supplies, rural services, storage, processing, equipment dealerships, financial services, and other activities in an emerging market economy.

11. Extensive land degradation is evident. Irrigation-related land degradation, in particular secondary salinity, waterlogging, and soil erosion, has left about 90,000 ha in poor condition. Soil erosion in rainfed farmlands stems largely from the cultivation of wheat on sloping pastures. In addition, overgrazing near settlements, the abandonment of pastures at higher elevations, and the unmanaged collection of fuelwood have seriously degraded pasture and forest land. Some land management practices, including an absence of soil conservation measures and

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<sup>5</sup> These farms are gradually being restructured into cooperative and private *dekhan* farms.

<sup>6</sup> Fernando, Nimal. 2006. Rural Development: International Experience and Some Lessons for the People's Republic of China. Draft. Manila. ADB.

poor pasture management, reflect a lack of knowledge, as many farmers have limited agricultural training and experience.

12. Farmers and rural businesses are disempowered by the lack of professional agriculture and business support services. Limited services are being provided by a number of nongovernment organizations (NGOs) and institutes. Better services must be provided in a flexible manner to meet the needs of farmers without generating the high overhead costs associated with formal institutional arrangements, and without requiring an increase in recurrent government expenditure.

13. The limited availability of and access to micro and rural finance severely constrains agriculture and rural business development. While working capital is provided by commercial banks and microfinance institutions (MFIs), investment finance is generally not available. The agricultural non-cotton lending of commercial banks was TJS91 million (\$26.9 million) at the end of 2005—about 7% of their lending portfolio. The banks provided agricultural loans ranging from \$2,400 to \$114,000, for an average loan size of about \$10,000. Demand for microcredit is high and doubling about every 2 years. Microcredit loans in 2005 totaled TJS296 million (\$87.5 million) and had an average size of TJS5,380 (\$1,590).

14. Market information, which farmers and business entrepreneurs need to make decisions, is not timely, often irregular, and not available to a wide audience. There is a need for a network that will collect, analyze, and disseminate market information in a form that can be used by advisers, farmers, and entrepreneurs.

15. Economic infrastructure is generally in a state of disrepair. Roads and bridges must be rehabilitated to provide better and more reliable access to markets and services, irrigation systems need major repair, drinking water is often inaccessible, and electricity supply is constantly disrupted, particularly in winter. Planning and maintenance capacity in *raions* and *jamoats* (groups of villages) is very weak, as reflected in the absence of subsector-specific development and maintenance plans and associated funding.

16. National and local institutions are weak. All central government institutions are hampered by the lack of financial resources: their budgets are insufficient to cover much more than salaries. *Raions* and *jamoats* have similar difficulties. Skills in planning are lacking, particularly where interrelationships between different parts of the economy are involved. There is no clear accountability for performance, and controls on performance depend on the way the individual *raion* governors perceive the results. The budgeting process does not allow for longer-term financial planning.

17. Despite government policies aimed at increasing the involvement of the people in local government planning and management, central and local government is still mostly top-down. In addition, the weak enabling environment limits the capacity of the private sector to provide essential support services to agriculture and rural businesses.

18. With widows having increased in number following the civil war, and males migrating to Russia and other countries for permanent or seasonal employment, households headed by women are increasing and women in Tajikistan are taking on more livelihood responsibilities. But the employment and income-earning opportunities of women are meager. Besides having to earn an income and provide for the household, they must care for their children. In agriculture, women look after household plots, trade some produce, raise and trade livestock, and work as laborers on collective *dekhan* farms, where they are paid less than half of what the male workers receive. There are also gender differences in access to land, particularly in the ownership of private *dekhan* farms, and education.

19. The national and rural development strategies of the Government are guided by: (i) the Millennium Development Goals for Tajikistan, 1999–2015; (ii) the Medium-Term Poverty Reduction Strategy, 2006–2008; and (iii) the National Development Strategy for 2006–2015. The specific strategy for the development of the agricultural sector is the draft Food Security and Agro-Industrial Complex Development Strategy, 2006–2015.

20. The Food Security and Agro-Industrial Complex Development Strategy of April 2006 identifies the following problems: (i) unclear roles of government and the private sector in agricultural development; (ii) insecure land use rights and a lack of freedom in production and marketing decisions; (iii) inconsistent local interpretations of land rights and limits on entrepreneurial decision making; (iv) limited access to credit; (v) lack of agricultural machinery; (vi) underdeveloped agriculture infrastructure and markets; (vii) deteriorating irrigation and drainage systems; (viii) low farm labor productivity; (ix) poor state regulation and sector support, often due to administrative interference; (x) a shift from high-value commercial crops to less valuable grains and a significant reduction in fodder crops; (xi) deteriorating quality of livestock herds; and (xii) increasing outbreaks of animal diseases. The Strategy proposes the following key measures: (i) improving land legislation and ownership; (ii) clarifying the role of local authorities in land reform; (iii) giving farmers greater freedom of choice; (iv) reducing cotton debt in the medium term by improving access to capital and increasing the significance of Tajik cotton on the world market;<sup>7</sup> (v) increasing the rate of reform in the sector by introducing further institutional reform and reducing interference in production decisions at the local level; and (vi) improving productivity by rehabilitating irrigation and drainage systems, encouraging the use of improved farming techniques, and increasing marketing awareness. However, limited institutional capacity and lack of funding make it difficult to implement these measures and to progress toward the stated objectives.

21. Development assistance in agriculture and rural development is generally increasing, particularly from international donors and NGOs. The number of agencies and the scope of their activities in Tajikistan have expanded in recent years.<sup>8</sup> The main agencies are the World Bank, the Islamic Development Bank, the United Nations Development Programme (UNDP), the European Union, the Aga Khan Foundation, the Food and Agriculture Organization of the United Nations, and bilateral agencies: the United States Agency for International Development (USAID), the Government of Germany, the Swiss Agency for Development and Cooperation (SDC), the Department for International Development of the United Kingdom, the Swedish International Development Agency, and NGOs. NGOs are moving away from humanitarian to development assistance in agriculture, microcredit, social services, and other related areas in rural development. The combined efforts of these agencies are helping the Government address the challenges discussed above. There is increasing cooperation and cofinancing of development activities. See Appendix 3 for further information about external assistance.

22. ADB's assistance to agriculture, natural resources, and rural development has focused on emergency assistance; rehabilitation of drainage and irrigation, especially in cotton-growing areas; water supply; cotton debt assessment; and related institutional developments. ADB's current country strategy emphasizes rural development as a key priority in creating a better environment for more inclusive growth; increased productivity and profitability in the rural sector;

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<sup>7</sup> ADB. 2006. *Report and Recommendation of the President to the Board of Directors on a Proposed Loan to Tajikistan for the Sustainable Cotton Subsector Project*. Manila

<sup>8</sup> The number of development agencies vary slightly depending on the source of the statistics. The UNDP lists 11 UN organizations, 5 international financial institutions, 13 international organizations, and 27 international NGOs registered in the country, as well as some embassies that are active in development. The Government's Aid Coordination Unit states that in 2005 there were 63 development partners in the country, including 39 working in government administration and 30 in agriculture and irrigation. According to the Unit, there are 94 ongoing projects in the agriculture sector throughout Tajikistan, and a further 81 are ongoing, although past their scheduled completion date.

institution building to strengthen policy implementation and encourage private sector activities; and improvements in infrastructure (irrigation and transport).

23. **Lessons.** According to the 2006 Annual Evaluation Review,<sup>9</sup> the project success in category A countries from 1990 to 1997 was 74%, better than in category B countries and the average performance overall. Among the countries that did well were the transition economies. On the other hand, agriculture projects had the worst outcomes for projects financed out of the Asian Development Fund (ADF)—only 47% were rated successful overall—although the success rate for irrigation and rural development projects exceeded 50%. The main problems were: (i) inadequate project design, including inadequate understanding of the problems and opportunities from the beneficiaries' perspective; (ii) overly complex projects; (iii) weak institutions; (iv) limited budgets; (v) adverse impact of external factors; and (vi) weak project administration. On the other hand, the following critical factors contributed to the success of ADB projects: (i) quality of project at entry, (ii) strong country ownership, (iii) flexible design and a participatory approach, (iv) ability to learn from previous experience and incorporate lessons into the project design, (v) good supervision of project implementation, and (vi) strong project management units and related oversight institutions to ensure good performance and timely delivery from the contractors.

24. ADB and other development projects in Tajikistan have shown that effective project implementation requires the following: (i) capable local management staff; (ii) international consulting assistance to provide international good practice in technical fields, and train local management staff in personnel management, technical aspects, procurement, financial control, and monitoring and evaluation; (iii) early establishment of a transparent financial management system; (iv) flexibility in implementation, particularly when project design is undertaken in rapidly changing circumstances and with limited reliable information; (v) close supervision and monitoring of project management to ensure that project implementation capabilities are aligned with the objectives, to minimize government interference in the recruitment of national consultants and other support staff, and to ensure the selection of professionally capable staff; (vi) recognition that the central and local government administrations have very weak capacity and are under-resourced, and can therefore provide only limited support; and (vii) recognition of the vulnerability of project implementation to top-down approaches, because the need to involve all stakeholders, particularly beneficiaries, in implementation is understood inadequately or resisted. All these identified lessons have been addressed to varying degrees in the Project's design. Implementation must be closely monitored, and the Project must retain the flexibility to address any of the above aspects if they arise.

25. The Project has benefited from ongoing ADB regional assistance supporting development of the Central Asian Countries Initiative on Land Management (CACILM), a multi-country program extending over ten years and involving all five former Soviet Central Asian countries to systematically identify and address the most important land degradation problems in the region. CACILM is built upon a framework of National Programming Frameworks for Sustainable Land Management (NPFs) developed for each of the five countries, and the Project is firmly included in the Tajikistan NPF as high priority under the country's strategy for addressing land degradation. The NPF identifies the need for strengthening of policies and institutions as well as the complementary on-the-ground investments required both within the framework for generating financing to support the identified priorities, and ADB is leading a consortium of bilateral and multilateral partners to mobilize such funding. In particular, the Global Environmental Facility (GEF) has endorsed a first phase of projects amounting to more than \$150 million in investments, with GEF to provide \$20 million in grant financing. The project is included in this framework, and it is expected to receive \$2,500,000 in GEF grant cofinancing as part of the CACILM program.

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<sup>9</sup> ADB. 2006. *2006 Annual Evaluation Review*. Manila.



26. The project design options considered were as follows: (i) a community development approach focusing on essential infrastructure to support *raion* and community development; (ii) a national approach to addressing one or more of the key constraints identified; and (iii) an area-based project to address multiple constraints. The preferred design was the area-based approach, which recognizes the interdependencies among the problems and constraints. This approach supports a holistic and coordinated approach to rural development to address problems and constraints, enhance opportunities, and integrate agriculture more effectively into the rural economy. It also supports stronger cooperation and coordination with national agencies, development partners, NGOs, and service providers.

27. The Project will address policy reforms by improving land use security, the business environment, and policy directions in pasture management; capacity development in agriculture extension and business advisory services, and among *raion* and *jamoat* governments, communities, and farmers; and investments to improve *raion* community infrastructure, reverse the degradation of arable and pasture land, and set up agriculture extension and business advisory services and market information centers.

### III. THE PROPOSED PROJECT<sup>10</sup>

#### A. Impact and Outcome

28. The Project is expected to increase the farm and nonfarm incomes of rural households. It will also increase the productivity of farms and rural enterprises within an environmentally sustainable management framework. The Project will support individual and cooperative *dekhan* farms, households, and private rural entrepreneurs.

#### B. Project Area

29. The project area had to meet specific criteria:<sup>11</sup> it had to comprise areas that (i) did not grow cotton or had small (less than 10%) and declining cotton-growing areas, and were focused on fruit and vegetable production and livestock raising; (ii) were contiguous, to provide opportunities for economies of scale and strategic integrated development; (iii) had year-round road access; and (iv) had no similar major projects planned or already under way. From a list of 28 *raions*, five were selected: Faizabod, Rudaki, Rogun, Vahdat, and Varzob.

30. The project area covers about 8,350 km<sup>2</sup>. Temperature and precipitation vary widely, giving rise to diverse agro-climatic conditions in a relatively small area. The rural population of 552,100 is concentrated in the valleys, for an effective population density of nearly 600 persons per square kilometer, resulting in increasing pressure on the environment. The area accounts for about 10% of the country's official GDP, about 77% of which derives from agriculture. Rural poverty is widespread: about 40% of the population is designated as poor. Dependent largely on subsistence agriculture, the people have few business and employment opportunities, and many seek seasonal work abroad, mainly in Russia.

31. The project area comprises (i) 55 collective *dekhan* farms with an average area of 419 ha, (ii) 6,634 private *dekhan* farms with an average area of 5 ha, and (iii) 69,600 household plots ranging in size from 0.15 to 0.30 ha. Of the collective and individual *dekhan* farms, mainly planted with wheat and potatoes and other field crops, only about 50% benefit from irrigation. Household plots are generally irrigated at lower elevations, but are mostly rainfed in higher elevations. Household plots are planted with vegetables, fruits, potatoes, and wheat, often

<sup>10</sup> More details on the project scope and implementation arrangements are found in Supplementary Appendix A.

<sup>11</sup> These criteria and the selection of the five *raions* were agreed on between ADB, the project steering committee (PSC), and the Ministry of Agriculture (MOA) at the start of the project preparatory technical assistance.

double- or even triple-cropped on at least part of the land. Yields have been increasing but are very low by international standards.

32. In addition, rural-urban linkages and farm support services, such as the supply of seed, inputs, and access to credit, are rudimentary near Dushanbe and even less adequate in areas farther away from the capital.

33. Except for Rudaki, all project *raions* depend on budget subsidies from the national Government; Faizobod received 85% of its budget from the national Government, Roghun 79%, Vahdat 43%, and Varzob 72% in 2005. *Raion* governments do not have enough resources to ensure adequate functioning of basic infrastructure, and have limited administrative capability for local development.

34. NGOs are active in the five project *raions*: Aga Khan Foundation in Faizobod and Roghun, Cooperative for Aid and Relief Everywhere in Vahdat and Varzob, and German Agro Action in all five *raions*. Rudaki has been largely bypassed by NGOs, although the Food and Agriculture Organization and Winrock International are active. NGOs provide a broad range of development assistance ranging from the facilitation of mediation in land reform issues, pasture management, farm advisory services, rural business development, and micro credit, to the rebuilding of rural infrastructure. ADB is involved in the irrigation sector in Vahdat,<sup>12</sup> and the construction of the main road and rural roads in Faizobod, Rogun, and Vahdat.<sup>13</sup> The World Bank and USAID are working in local governance reform, land reform, and social and economic development. Further details on the project area are in Supplementary Appendix B.

### C. Outputs

35. The Project has five components—four technical and one project management—with related outputs and activities: policy and institutional development and reform; sustainable land management (pasture, arable, and forest); agriculture and rural business support; rural infrastructure development; and project management.

#### 1. Policy and Institutional Development and Reform

36. This component is focused on improving land use security, policies and instructions for pasture land management, and the administration and institutional aspects of business development. This component has three outputs.

37. To improve the security of land use rights for farmers (output 1.1), the Project will implement programs to make *raion* officials more aware of their powers under the Land Code and related legislation, and farmers more aware of their rights and of the available support services for arbitration and legal redress. Recent and current practices in land registration in the project area will be surveyed to identify the impediments to effective land registration and good practices in dealing with land registration disputes, and to discuss and agree with *raion* administrations on good practices to be implemented under the Project. The results of this review will inform the content of the legal literacy and legal aid initiatives to make local communities in the *raions* and *jamoats* more familiar with the rules, processes, and institutions related to the Land Code, particularly for land registration. After that, and in association with relevant organizations and development partners, the Project will facilitate the completion of the

<sup>12</sup> ADB. 2004. *Irrigation Rehabilitation Project*. Manila.

<sup>13</sup> Including, among others, three road projects covering three *raions*, two financed with loans and one financed from the Japan Fund for Poverty Reduction: ADB. 2003. *Grant Proposal for the Dushanbe-Kyrgyz Border Road Rehabilitation Project (Phase I)*. Manila; ADB. 2005. *Grant Proposal for the Dushanbe-Kyrgyz Border Road Rehabilitation Project (Phase II)*. Manila; and ADB. 2005. *Grant Proposal to the Republic of Tajikistan for the Community-Based Rural Road Maintenance Project*. Manila.

issuing of land certificates for all *dekhan* farms; provide a mechanism of support to farmers in the fair, equitable, and transparent resolution of land disputes, without recriminations from local authorities; and monitor the performance, practices, and outcomes of the land allocation and registration process in each *raion*. This performance will influence the availability and allocation of funds for infrastructure investment under the rural infrastructure development component.

38. Pasture land management improvement activities (output 1.2) will start with an international conference to examine current practice in Tajikistan, identify good international practice relevant to Tajikistan, and raise awareness of management problems. This conference will be followed by an assessment and the preparation of a road map for policy, strategy, legislation, capacity development, and investments in pasture land management. An outline of the sector assessment is shown in Supplementary Appendix C. Finally, the Project will support the completion of a national vision, policy, strategy, and investment program for sustainable pasture land management, and draft legislation and regulations to facilitate the implementation of the recommendations under component 2. National and regional workshops will be held to explain the results and the implications for *raion* administration of the concept and process of improved use of pasture land.

39. To address the varied business environment among the *raions* (output 1.3), the Project, through the project management unit (PMU), will conduct an economic study to demonstrate the costs of administrative interference in farm and business decision making in terms of reduced investment and lost productivity; train *raion* and *jamoat* staff in the equitable and transparent interpretation of business legislation and help them identify, post, and regularly update a list of fines and penalties linked to specific violations of laws and regulations; pilot-test a simplified registration procedure, within the existing legislative framework, for businesses and *dekhan* farms; and monitor changes in the business environment and performance of *raion* and *jamoat* authorities.

## **2. Component 2: Sustainable Land Management (Pasture, Arable, and Forest)**

40. This component comprises a set of linked activities that address the need for better land management by improving integrated pasture land and livestock techniques, enhancing capacity, and reversing land degradation. This component has three outputs.

41. The prioritized recommendations from the pasture land and livestock management study and sector assessment (output 1.2) will be pilot-tested in the project area. New techniques and approaches to grassland and livestock planning and management (output 2.1) will be demonstrated to improve pasture land conditions within an economically, socially, and environmentally sustainable framework. The pilot areas will serve as trial and demonstration areas preparatory to replication throughout the Project. These activities will be coordinated with the capacity development activities in output 2.2 and the advisory services in output 3.1.

42. The Project will establish pilot sites with different farming systems to demonstrate the application of the new pasture land and livestock planning and management techniques and rehabilitate and revegetate selected pasture lands. Monitoring protocols will be designed for farm-level planning and management of livestock production systems in pasture lands, including the impact on social organization. Local specialists will be trained and the monitoring systems implemented by concerned organizations, with repeated surveys of indicators at appropriate seasons and points in the production cycle. Finally, the methodology will be adopted and expanded within the project area.

43. The introduction of new concepts of pasture land and livestock management based on holistic thinking about economic goals, the social context, environmental conditions and processes, animal behavior, and resource constraints requires the establishment of a new cadre

of skilled personnel and institutional capacity to provide advice and further training to meet the needs of the country (output 2.2). To address current capacity limitations, the Project will: through an internationally accredited institution, develop and implement curricula in pasture land management and train teaching staff at a selected university or vocational institution; identify and support an appropriate organization to establish a network of cooperating institutions that will disseminate good practice in sustainable land management; use established demonstration sites (output 2.1) to give practical training to students, demonstrate successful practices, and increase outreach, including links with extension services (output 3.1); and provide short-term (up to 3 months) university-level training overseas for a number of faculty members in the selected educational institution.

44. The activities to rehabilitate degraded land will focus on arable, cultivated marginal land, and forestry-pasture lands (output 2.3), as pasture land is addressed under outputs 2.1 and 2.2. Specifically, the Project will assess the degradation of these lands at the *raion* level to identify the causes, status, and impact of land degradation to improve decision making for land management. This activity will be carried out in coordination with the Central Asian Countries Initiative for Land Management (CACILM), which will be conducting a land degradation assessment (scheduled for 2007) to gather baseline information for a sustainable land management information system. The Project will pilot-test sustainable land management practices to develop and promote improved land reclamation and innovative onfarm technologies; demonstrate enhanced agronomic practices for efficient and equitable water management; revegetate or rehabilitate selected areas; and undertake community forestry activities including selection and implementation of demonstration sites, establishment of user groups, training, and workshops.

### **3. Agriculture and Rural Business Support**

45. This component focuses on establishing farm and rural business advisory services and a market information system. This component has two outputs.

46. To support the establishment and sustainability of the provision of agriculture and rural business advisory services (output 3.1), the Project will assess the demand for agricultural and rural business advisory services to determine the number and size of advisory centers to be established and the training and advice that the centers should deliver to meet the needs of farmers and enterprises. Advisory centers will be established through contracting NGOs, which will be required to work closely with other organizations, such as relevant research and educational establishments, development partners, and other national and international agencies. Each advisory center will be staffed with specialists; their number and type will depend on the need in each *raion*, up to a maximum of eight management and technical specialists and adequate support staff in each center. The centers will concentrate on providing technical and economic advice specific to the agricultural and horticultural onfarm activities and agriculture value chain services in the project area and in accordance with the needs and resources available to farmers, households, and businesses. Training courses for groups of farmers will be provided on crop and livestock production techniques; pasture and grassland management and forage conservation (in association with activities under component 2); integrated pest management; animal health; crop harvesting and storage; sources and availability of farm inputs; and current legislation affecting farm activities. Demonstration plots will show farmers practical techniques to improve farm productivity, profitability, and the quality of produce. The agricultural advisers will assist farmers in finding suppliers of physical inputs such as seed, fertilizer, pesticides, fuel, feedstuffs, and medicines, as well as machinery parts and services. Groups of farmers will be formed into informal buying groups to improve access to: inputs, markets by working with processors, and post-harvest technology, transport, and storage. Similarly, the business advisers will provide services to farmers and businesses on: diversification opportunities; domestic and export marketing; appropriate processing outlets and

cool chain facilities; business planning; credit applications; the formation and establishment of groups for input supply, production, marketing, machinery, processing etc.; and establishment and registration of businesses. The Project will also develop and improve the knowledge and skills base of the advisers. This will initially be the responsibility of the contracted NGOs. In addition, the Project will explore options for developing agriculture extension and farm management programs at an appropriate educational institution, similar to the arrangement proposed for pasture land management.

47. To enhance the sustainability of the advisory centers, the Project will explore mechanisms for these centers to be established as public associations at start-up or within 4 years of their establishment.

48. To address the limited availability and access to micro and rural finance, the Project will provide a \$4.0 million credit line through MFIs for onlending to small rural borrowers in the Project area for working capital and investments.

49. It is expected that up to three MFIs could participate in the Project. For an MFI to participate, in addition to being a microfinance deposit organization or a microfinance lending organization, it will have to: (i) have its accounts audited by an international audit company; (ii) adhere to the National Bank of Tajikistan's (NBT's) prudential standards; (iii) be prepared to onlend funds in all project *raions*, unless the Government and ADB agree that full coverage by a single MFI is not necessary, and provided that all participating MFIs cover all five project *raions*; and (iv) provide a business plan, acceptable to ADB, for their proposed outreach and product development in the project area, to demonstrate their ability to serve small farmers and agribusinesses, and update the plan annually. A competitive process will be followed in selecting appropriate MFIs, and due diligence of all potentially qualified and interested MFIs will be undertaken. MFIs will be required to meet the following criteria: (i) be financially sound; (ii) have adequate credit and risk management policies, and operating system and procedures; (iii) comply with prudential regulations; (iv) have acceptable corporate and financial governance and management practices; (v) have sound business objectives and strategy or plan; (vi) have autonomy in lending and pricing decisions; (vii) have adequate policies, systems, and procedures for assessing and monitoring the impact of subprojects; and (viii) have environmental screening processes acceptable to ADB. The final list of qualified MFIs will be selected and agreed on with ADB.

50. To address the gap in market information, the Project will establish a market information unit (MIU) to collect reliable and statistically valid information on prices in markets in the project area, Dushanbe, and other major urban areas, the cost of inputs and supply sources, and market trends, and to provide regular information through various media. The establishment of the MIU will be tendered to agencies active in agricultural information dissemination, to enhance the likelihood of its sustainability. Moreover, the Project will assist the MIU in research on import substitution and export opportunities and requirements by country or destination. The unit will analyze the information, compile it into a readily usable format, and share the information with agriculture and rural business advisory services (output 3.1). The MIU will also assist with the identification of foreign buyers and investors.

#### **4. Rural Infrastructure Development**

51. This component will strengthen the capacity of *raions*, *jamoats*, and communities to plan, implement, and maintain infrastructure, and to support investments in the small-scale construction and rehabilitation of local public infrastructure. Eligible investments will include road

and bridge access, rehabilitation of irrigation and drainage systems, drinking water supplies, and small-scale electricity generation and distribution.<sup>14</sup> This component has two outputs.

52. The limited planning and maintenance capacity of the *raions*, *jamoats*, and communities will be improved in several ways (output 4.1). *Raion* working groups, comprising *raion* and *jamoat* officials and civil society representatives will be established to: identify, prioritize, and plan infrastructure subprojects for rehabilitation or construction in *raions* and communities; work in partnership with community-based organizations (CBOs) in agreeing on subprojects for financing; submit projects to the PMU; oversee the construction activities; and ensure the effective operation and maintenance (O&M) of completed subprojects. CBOs will be established to identify and prioritize infrastructure needs, agree on cash or in-kind contributions; determine appropriate O&M activities and financing; and work in partnership with the *raion* working group. The Project will assist both *raions* and *jamoats* in preparing broad-based plans for each subsector in which project proposals will be submitted. These plans will provide an overview of the subsector needs, the current state of assets, existing maintenance programs (including past funding), future infrastructure needs, proposed maintenance plans and funding for existing and new infrastructure, and the process of identifying and prioritizing investment proposals. Moreover, training in planning processes and preparation of investment proposals, and assistance in developing linkages between the investment maintenance proposals and available funding, will be provided. Each *raion* will be provided with adequate equipment (computers, printers, copiers, and associated software and accessories).

53. The Project, through the PMU, will support *raion* officials in ensuring adequate willingness and ability to pay for the O&M of rehabilitated or developed infrastructure; establishing annual maintenance plans for all infrastructure rehabilitated or developed under the Project; ensuring that each community provides the agreed level of financial support (10% of the total value of labor and materials) or contributions in kind toward maintenance, to remain eligible for further works; establishing local maintenance units or user groups (e.g., water user associations) where these are the most cost-effective solution to the problem of maintaining infrastructure in good working condition; ensuring that engineering drawings, plans, and specifications meet the specified standard; assisting with procurement; and supervising civil works to ensure that they comply with specifications (output 4.2).

54. For any *raion* or community infrastructure subproject to be accepted for funding, it must be demonstrated that: (i) the level of potential benefits and the number of beneficiaries have been assessed; (ii) subprojects have been prioritized in relation to the quantified benefits and number of beneficiaries; (iii) communities have been consulted in identifying priority infrastructure; (iv) the subproject proposal identifies clearly the associated O&M costs and funding arrangement required to meet such costs and includes an annual maintenance plan; (v) the subproject is technically feasible and economically viable, and represents the most cost-effective alternative; (vi) an environmental impact assessment has been conducted in accordance with the initial environmental examination (IEE); (vii) adequate O&M and funding arrangements have been considered, on the basis of consultations with local communities; and (viii) all required governmental approvals have been obtained.

55. Funding for each infrastructure subproject will be limited to \$250,000 for *raion* infrastructure and \$50,000 for community infrastructure. Funding will be provided in three tranches in the first, third, and fifth years, and will be released to each *raion* only when the performance targets agreed on by the Government and ADB for component 1 have been met.

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<sup>14</sup> Social infrastructure projects, such as schools and health services that fall outside the broad definition of infrastructure supporting the agriculture sector will not be eligible for funding, nor will investments in activities and locations where international funding agencies such as ADB have similar services planned or under implementation.

These performance targets will be based on the following indicators: (i) land is allocated through an improved, transparent process; (ii) registrations of farmers' land increase annually; (iii) an effective and fair system for resolving land disputes is operational; (iv) a simplified and transparent registration procedure has been introduced and continues to operate effectively; and (v) infrastructure financed from earlier tranches is satisfactorily planned and maintained. Fifty percent of the funds from each tranche will be distributed equally to each of the five project *raions*, and the remaining 50% will be disbursed on a competitive basis to be assessed by the PMU according to the prioritization assessment, the feasibility of the proposed subproject investment, the demonstrated physical and financial capacity to maintain the infrastructure, and satisfactory maintenance of previously funded infrastructure. Funds from each tranche release will be allocated twice yearly on the basis of acceptable proposals received from the project *raions*. Proposals for infrastructure subprojects will be submitted to the *raion* working group, which will endorse subprojects to the PMU for final approval. The PMU will assess the subproject proposals and submit the prioritized list to the PSC. Any major deviation from the PMU recommendations will have to be explained to and approved by ADB. ADB will review the process of assessing, prioritizing, and approving proposals during regular review missions.

56. For the community infrastructure subprojects, training in priority setting for *jamoats* will be based on simplified techniques that are appropriate for the scale of investment to be considered. Participatory decision making at the local level will be emphasized. The PMU will work directly with the *raion* working groups, *jamoats*, and CBOs as appropriate to agree on infrastructure priorities and specific plans. The PMU will also ensure that elite capture does not occur by working through representatives of local community institutions and that women's priorities are properly reflected in subproject identification and prioritization.

57. As part of the application process, local communities must commit to meet the O&M costs before subprojects are approved. They will be required to contribute 10% of the total value of labor and materials for each subproject. Labor inputs at current market rates will be considered an adequate contribution. If labor inputs are likely to impose an undue burden on women and girls in the project area, the level of community contribution may be adjusted by the PMU. As far as possible, local procurement will apply. Local institutions and personnel, and labor-intensive approaches, where feasible, will be used to complete the work.

## **5. Project Management**

58. Project management will be conducted through the PMU in the MOA. In addition, management support will be sought for selected activities through cofinancing arrangements with other development partners, subcontracting of local institutions or NGOs, or service support from agencies that specialize in the delivery of such services. Further details of project management are described under Implementation Arrangements (section H).

### **D. ADF IX Grant Component**

59. Part of the project financing will take the form of a grant. The ADF IX grant will finance the services of international and national consultants, agricultural and rural business advisory staff and services, equipment, vehicles, training, and monitoring and evaluation. The grant component will increase awareness of land and business rights, develop modern curricula for pasture land management and train associated staff, build the capacity of *raions* to plan and maintain infrastructure, and provide the services of international consultants and equipment for project management. See Appendix 4 for further information.

## E. Special Features

60. The Project represents a shift from previous assistance to Tajikistan in that it adopts a more holistic approach, takes an area focus, shifts assistance away from cotton-growing areas, gives emphasis to the development of more effective partnerships, and includes cofinancing. It is the first ADB-financed project to be implemented by MOA.

61. The Project takes a comprehensive, integrated approach to addressing fundamental constraints on the shift from subsistence to commercial agriculture, including land security and business environment limitations. It will undertake a nationwide pasture land assessment and prepare a road map for policy, strategy, legislation, capacity development, and investment; provide essential agriculture and business support services; rehabilitate essential community and district infrastructure; and address the problem of increasing land degradation—in each case, to ensure a more effective and coordinated approach to rural development.

62. In addition, the Project will build partnerships with ADB's development partners and other organizations. Such partnerships will be enhanced through the contracting out of project activities, such as the management information system and agriculture and rural business advisory services, to qualified service providers including NGOs. Moreover, the agriculture and rural advisory centers are expected to be legally registered as independent public associations either at start-up or no later than the end of the fourth year of the Project.

## F. Project Investment Plan

63. The project investment cost is estimated at \$23.3 million, including taxes and duties of \$1.30 million, \$1.16 million for physical and price contingencies, and \$0.37 million in interest charges during implementation. Cost estimates by project component are summarized in Table 1, while the detailed cost estimates are provided in Appendix 5 and detailed cost tables in Supplementary Appendix D.

**Table 1: Project Investment Plan**  
(\$ million)

Item	Amounts
<b>A. Base Cost<sup>a</sup></b>	
1. Policy and Institutional Development and Reform	2.10
2. Sustainable Land Management (Pasture, Arable and Forest)	4.17
3. Agriculture and Rural Business Support <sup>b</sup>	6.27
4. Rural Infrastructure Improvement	6.18
5. Project Management	3.05
<b>Subtotal (A)</b>	<b>21.77</b>
<b>B. Contingencies<sup>c</sup></b>	<b>1.16</b>
<b>C. Financing Charges during Implementation</b>	<b>0.37</b>
<b>Total (A+B+C)</b>	<b>23.30<sup>d</sup></b>

<sup>a</sup> In mid-2006 prices.

<sup>b</sup> Includes \$4.0 million for microcredit.

<sup>c</sup> Physical contingencies computed at 10% for infrastructure and 5% for materials and equipment. Price contingencies computed at 1.9% of foreign exchange costs and projected local currency cost escalation in 2006–2009.

<sup>d</sup> Includes taxes and duties of \$1.30 million.

Source: Asian Development Bank estimates.

## G. Financing Plan

64. The Government has requested ADB to provide an ADF loan equivalent to \$8.8 million and an ADF IX grant of \$8.3 million to help finance the Project. The loan will have a 32-year term, including a grace period of 8 years, an interest rate of 1% yearly during the grace period



and 1.5% yearly after that, and such other terms and conditions as are set forth in the Financing Agreement. The financing plan is summarized in Table 2.

**Table 2: Financing Plan<sup>a</sup>**  
(\$ million)

<b>Source</b>	<b>Total</b>	<b>%</b>
ADB Loan	8.80	37.80
ADB Grant	8.30	35.60
Beneficiaries	1.05	4.50
GEF <sup>b</sup>	3.50	15.00
Government	1.65	7.10
<b>Total</b>	<b>23.30</b>	<b>100.00</b>

ADB=Asian Development Bank, GEF=Global Environmental Facility

<sup>a</sup> The possibility of UNDP cofinancing and implementing component 4 is being discussed with that UN agency.

<sup>b</sup> GEF funding is subject to approval by the CEO of GEF. In the event GEF funding is not forthcoming, ADB's share of financing will increase to 87%.

Source: ADB estimates.

65. The proposed ADB loan will finance 37.8% of the total project cost and will meet the costs of the infrastructure development and the microfinance credit line. The proposed ADF IX grant will finance 35.6% of the total project cost and will finance the consulting and advisory staff services, training, surveys and monitoring, vehicles, and office equipment. The proposed GEF funds will finance 15% of the project cost, to meet the costs of implementation of the pasture land sector assessment recommendations, rehabilitation of degraded land, consulting services and equipment. The detailed proposal for GEF is in Supplementary Appendix E. The Government will finance 7.1% of the project cost in taxes and duties, and the services of the education institution staff who will be involved in pasture land curriculum development, teaching, and capacity development. Beneficiary contributions for the community infrastructure and anticipated contributions of our funds to investments by subborrowers of the credit line will finance 4.5% of the project cost. The beneficiaries will also contribute to the maintenance of the infrastructure on completion, but these costs have not been estimated.

66. ADB has typically sought Board approval for the administration of loan or grant funds from cofinanciers only when cofinancing commitments are in place. In the case of the proposed grant funding from GEF, the full GEF project proposal is being finalized and submitted to GEF together with this Report. To avoid any Project delay, the Board is requested to approve the administration of the proposed GEF grant, in the amount of \$3,500,000, which is expected to be obtained subsequent to the date of Board approval. Approval of the GEF grant will be reported to the Board in accordance with standard reporting procedures. If GEF does not approve financing, the Sustainable Land (Pasture, Arable and Forest Land) Management component will be significantly affected with the support for pasture management field trials, demonstrations, and training; and establishment of a pastures management program at a selected university or vocational level institution removed from the Project. Nevertheless, the Agriculture and Rural Business Support Component will provide some extension support to farmers in livestock and pasture management. Other aspects of the Project including the pasture sector assessment will not be significantly affected.

67. Disbursements will be based on the percentages in the Financing Agreement.

## **H. Implementation Arrangements**

68. Given the complexity of the Project, the uniqueness of its approach in Tajikistan, the low capacity of local institutions, and the changing nature of activities resulting from the ongoing transition to a market-oriented economy, a flexible approach to project implementation is

needed. However, more flexibility will require a more concerted focus on the monitoring and supervision of the Project by both the Government and ADB.

## 1. Project Management

69. The project management arrangements include a PSC, MOA as Executing Agency (EA), the State Committee for Land Management (SCLM) as Implementing Agency (IA), and a PMU in the EA. See Appendix 6 for the organization chart.

70. The implementation of the Project will be guided by a PSC comprising the MOA (chair), and representatives of the office of the President, MOF, SCLM, Ministry of Economy and Trade, Ministry of Water Resources and Land Reclamation, State Committee on Environmental Protection and Forestry, Tajikistan Agricultural Academy of Sciences, *raion* administrations, farmers, private sector representatives, the NGO sector, development partners, ADB, and the project manager. The PSC will (i) guide the overall policy and strategic direction of the Project, (ii) review and evaluate project performance, (iii) review the audited project accounts, (iv) select the consultants for the implementation through the tender committee; (v) endorse or reject PMU proposals for rural infrastructure improvements under component 4; (vi) facilitate interagency coordination as well as coordination of project activities with activities taking place under other projects financed by development partners in the project *raions*; (vii) resolve issues affecting project implementation; and (viii) provide guidance as needed. The PSC will meet monthly during the first 4 months of the Project, and every 6 months after that, when the Project is well established, to review progress. The PMU will serve as the secretariat for the tender committee that will review and evaluate all procurement proposals for consulting services, civil works, and goods. The tender committee will be composed of the MOA (chair), MOF, SCLM, the national procurement agency, the PMU manager, the PMU procurement specialist, representatives of the project *raions*, and others as deemed necessary by the chair of the tender committee.

71. MOA, as the EA, will (i) disburse ADB loan and grant proceeds; (ii) keep accurate and duplicate records on withdrawal applications and disbursements under the project accounts; (iii) submit to ADB progress and other reports prepared by the PMU; (iv) ensure the timely submission of audited accounts of the Project to ADB; (v) coordinate communication and interaction between SCLM, the *raion* administrations, contracted service providers, and ADB; and (vi) provide necessary guidance as appropriate. A project director from MOA will be appointed and funded by the Government on a part-time basis. He or she will oversee the Project and will report to the minister of agriculture and the PSC on major issues.

72. The SCLM, as the IA, will be responsible for: (i) policy and institutional arrangements for pasture lands (output 1.2), (ii) improvement of pasture land and livestock planning and management skills (output 2.1), (iii) development of capacity for effective land management (output 2.2), and (iv) rehabilitation of degraded lands (output 2.3). In relation to the foregoing activities, SCLM will (i) be responsible for direct, day-to-day management, (ii) participate in all committees for procurement and consulting services, and (iii) prepare quarterly monitoring and evaluation reports for submission to the PMU, CACILM, GEF, and ADB. The SCLM will provide reports to the PMU.

73. The report on the financial management assessment of MOA (see Supplementary Appendix F) concluded that the MOA had significant accounting weaknesses (lack of internal control and audit; lack of external audit; limited number of qualified staff and lack of accountability; limited computerization; lack of proper planning, effective operational analysis, and rational use of funds; and lack of proper communication with regional units of MOA), and was therefore not equipped to administer project funds directly. Other development partner projects for which the MOA was or is the executing agency were implemented by various separate project management or implementation units. The financial management assessment

report recommended the establishment of a PMU with representative offices in the project *raions*.

74. A PMU will be established to ensure the effective implementation and management of the Project and to ensure the appropriate use of funds to produce the anticipated results under the Project. The PMU will include a project manager, a procurement and consulting services specialist, suitably qualified accounting and bookkeeping staff, national and international consultants, and other staff. During project start-up the PMU staff will work with relevant ADB staff to ensure effective compliance with ADB and government project rules and procedures.

75. The PMU will (i) ensure that the Project is implemented in accordance with its design; (ii) ensure effective coordination of all activities and agencies involved; (iii) ensure compliance with environmental requirements and other safeguard measures; (iv) maintain appropriate accounts, including reports on withdrawal applications and disbursements; (v) manage procurement in accordance with ADB's guidelines; and (vi) prepare quarterly progress and other reports in formats agreed upon with ADB. At the start, the PMU will have one local representative each for Rudaki and Vahdat, and one for Faizabod and Rogun. Varzob will be served from the PMU in Dushanbe. The local representative, located in the *raion* administration, will (i) monitor implementation in the *raion*, (ii) support *raion* officials in implementation, (iii) coordinate with local communities to ensure their satisfaction with the Project, (iii) provide coordination between implementing agencies, and (iv) provide statistical data to the PMU. Depending on satisfactory progress and need, the possibility of having a representative for each *raion* will be considered during the first major project review (18 months into the Project).

## **2. Implementation Period**

76. The Project will be implemented over 7 years, from March 2007. By 31 March 2014, all withdrawal applications from the loan must have been submitted, approved, and authorized. The closing date for disbursements will be 30 September 2014. The implementation schedule for the Project is shown in Appendix 8.

## **3. Procurement**

77. All ADB-financed procurement will follow ADB's *Procurement Guidelines* (April 2006, as amended from time to time). ADB will finance the procurement of vehicles, materials, and equipment, as described in the procurement plan (Appendix 9). Contracts valued at the equivalent of \$1 million or more will be procured through international competitive bidding (ICB). Contracts valued at less than \$1 million equivalent may follow ICB, national competitive bidding (NCB), or limited international bidding, as determined by the particular circumstances of the contract package. Contracts below \$100,000 equivalent may follow the shopping procedure. The relevant sections of ADB's *Policy on Anticorruption* (1998) will be included in all documents during the bidding for, and implementation of, the Project.

78. Before the start of NCB procurement, ADB and the Government will review the Government's procurement procedures to ensure consistency with ADB's requirements. Any necessary modifications or clarifications in the Government's procedures will be documented in the procurement plan.

79. For the procurement of goods and services to be financed with the subloans to farmers from the MFIs, the MFIs will demonstrate that the procurement procedures are appropriate under the circumstances, and conform to ADB's *Policy on Anticorruption* and to established commercial practices acceptable to ADB.

80. Advance action is required for consulting services for project implementation to establish the PMU, including the hiring of the project manager, the financial management specialist, and the procurement officer. Retroactive financing of \$100,000 equivalent is necessary to cover the expenditures for these activities incurred before loan and grant effectiveness, but not earlier than 12 months before the signing of the Financing Agreement. The advance recruitment of consultants must conform to ADB's *Guidelines on the Use of Consultants* (April 2006, as amended from time to time). The Government has been advised that approval of the early recruitment of consultants does not commit ADB to approving or otherwise financing the Project. Advance action would enable the early preparation of draft documents for the contracting of various services required under the Project, and would require the Government to agree to finance the PMU and staff before loan and grant effectiveness (March or April 2007).

#### **4. Consulting Services**

81. The Project will provide 2,260 person-months of consulting services, comprising 184 person-months of international consulting and 2,076 person-months of national consulting services. This high level of consulting services, and particularly international technical assistance, is essential, given the nature of the Project and the gap between global good practice and current techniques used in Tajikistan. This need applies in particular to the nationwide pasture sector assessment and the development of sustainable agriculture and rural advisory services. Effective project management and monitoring will be equally important to ensure the effective transfer of knowledge and conduct of the surveys, and continuous monitoring of project outputs and outcome. Institutional and capacity development has been built into the project design. The consultants will provide project support and capacity development in land use security; pasture, arable, and forestry pasture land rehabilitation; development of advisory services and market information; infrastructure planning; O&M; and project management and monitoring.

82. The consultants will be selected under separate consulting-firm contracts, one for the pasture land sector assessment and implementation (output 1.2), another for the development of curricula and capacity in pasture land management at an educational institution (output 2.2), and a third for project management (component 5). The international consultants will be recruited according to ADB's *Guidelines on the Use of Consultants*, with the use of full technical proposals and quality-based selection for the pasture land sector assessment and the development of curricula and capacity in pasture land management, and full technical proposals and quality and cost-based selection for project management. Outline terms of reference are in Appendix 10 and detailed terms of reference are in Supplementary Appendix G.

#### **5. Anticorruption Policy**

83. ADB's *Policy on Anticorruption* (1998), as amended to date, was explained to and discussed with the Government of Tajikistan. Consistent with its commitment to good governance, accountability, and transparency, ADB reserves the right to investigate, directly or through its agents, any alleged corrupt, fraudulent, collusive, or coercive practices relating to the Project. To support these efforts, relevant provisions of ADB's *Policy on Anticorruption* will be included in the loan and grant regulations and in the bidding documents for the Project. In particular, all contracts financed by ADB in connection with the Project will specify the right of ADB to audit and examine the records and accounts of the EA and of all contractors, suppliers, consultants, and other service providers as they relate to the Project.

84. In relation to the Project, the Government will ensure the disclosure of Project-related procurement actions, including consulting services contracts and the procurement of major equipment and civil works, in local newspapers and on the internet. Such disclosed information will include, among other matters, the list of participating bidders, the winning bidder, reference

to the tender procedures adopted, the amount of the contract awarded, and general terms and specifications of the goods, works, or services procured.

## **6. Disbursement Arrangements**

85. The proceeds of the ADB loan and grant will be disbursed according to ADB's *Loan Disbursement Handbook* (2001), as amended from time to time. For consulting services and equipment following ICB procedures, loan and grant funds will be disbursed through direct payment. For civil works following NCB procedures and small expenditures related to the PMU, reimbursement and imprest fund procedures will be applied. Two imprest accounts will be opened by the EA: one for the loan funds and one for the grant funds. These imprest accounts will be established and managed according to ADB's *Loan Disbursement Handbook*. The initial deposit in the loan imprest account will not exceed the estimated expenditures for 6 months of project implementation or 10% of the loan, whichever is less. The initial deposit in the grant imprest account will not exceed the estimated expenditure for 6 months of project implementation or 10% of the grant, whichever is less. ADB's statement of expenditures (SOE) procedure will be applied when reimbursing eligible project outlays and liquidating and replenishing the imprest accounts for individual payments of up to \$50,000. The EA will submit requests for replenishment to ADB.

## **7. Flow of Funds**

86. Apart from the credit line to be provided through participating MFIs, all loan funds will be provided to the EA in the form of a grant. The credit line will be administered under subsidiary loan agreements entered into between the Government, through MOF, and the MFIs, and under project agreements between ADB and each MFI. MOF will lend the credit line funds directly to MFIs licensed by the NBT as microfinance deposit organizations or microfinance lending organizations. The MOF will relend these funds in somoni or US dollars for 10 years, with a 2-year grace period. The interest rate under the subsidiary lending arrangements between the Government and the MFIs will cover the costs of funds from ADB plus an administration charge. The relending initial rate for loan in TJS will be 75% of the interbank lending rate of the National Bank of Tajikistan. The relending interest rate for loans in dollars will be at a floating rate based on the 6-month LIBOR for dollars. The MOF will pass the foreign exchange risk on to the MFIs.

87. Funds under the credit line will be lent to farmers and agribusinesses as subborrowers. It is anticipated that the subloans will provide working capital and onfarm and business investments for the development of agricultural production, and the development of input supply, machinery services, storage, packing, marketing, and related agribusiness and service enterprises. The subborrowers will prepare business plans and should have commercially viable subprojects with adequate collateral, financial rates of return, and a demonstrated repayment capacity. MFIs will lend the credit line to eligible subborrowers under separate loan agreements acceptable to ADB. Subject to the procedures agreed on with ADB, the MFIs will have full authority to select subborrowers, approve subloans, and determine lending terms according to their own credit policy. Subloans to subborrowers may be made in somoni or US dollars. The lending arrangements for the subloans from MFIs to subborrowers will be reviewed regularly, as required, and adjusted if necessary. All subloans exceeding \$20,000 and the first five subloans of each MFI will be approved by ADB before disbursement. All MFIs will submit a quarterly loan portfolio report and an annual external audit report to ADB by 30 June each year.

88. Funding for the infrastructure subprojects will be channeled from MOF directly to the loan imprest account managed by the PMU. The PMU will be responsible for all procurement of goods, works, and services. Local procurement of parts and materials, and the use of local labor in implementation, will be encouraged. The PMU will report to ADB on overall progress in the

implementation of *raion*-specific activities, the selection of rural infrastructure proposals, and the disbursement of funds. See Appendix 7 for the flow of funds.

## 8. Accounting, Auditing, and Reporting

89. Project accounts acceptable to ADB will be maintained by the EA through the PMU according to the provisions of the financing agreement and ADB's *Guidelines for the Financial Governance and Management of Investment Projects Financed by ADB*.<sup>15</sup> The EA, on behalf of the Government and through the PMU, will maintain separate records and accounts that will allow goods and services to be financed out of the loan and grant proceeds, and government financing to be identified and its use to be disclosed, following sound accounting principles. The accounts will show total expenditures by category of project output. They will record (i) amounts spent by the EA, (ii) amounts by project output, and (iii) amounts by loan and grant financing.

90. Independent auditors acceptable to ADB will audit these accounts and records yearly. Within 6 months of the close of the financial year, certified copies of the audit reports in English, together with the auditor's opinion, will be submitted to the Government and ADB. The audit reports will include a management letter and a separate opinion on the use of the imprest accounts and SOE procedure. The Government has been advised that delays in the submission of audited financial statements may result in the suspension of loan and grant disbursements by ADB. For the external audit of accounts, the loan proceeds may finance the services of private sector auditors and the translation of their reports into English, provided that (i) such auditors are qualified, capable, and acceptable to ADB; and (ii) the auditors are recruited in a manner acceptable to ADB.

91. In addition, internal audit procedures will be established. A periodic auditor, to be employed with the use of grant project funds, will spot-check cash, bank account, and all other financial and related records for the Project at least 1 day per month for the first 3 years. The auditor will specifically compare the relative costs of items such as fuel and consumables, and of vehicles and equipment, with those under similar projects, and the subsequent use of the items, to ensure fair procurement and specific use for project activities. Subject to the findings of the internal audit, this procedure may be extended.

92. The MFIs will be required to maintain separate project accounts for the funds spent under the Project. They must also maintain their overall accounts, audits, and financial status as required by the NBT and ADB. The MFIs' annual accounts—comprising balance sheets, income statements, and fund flow statements at a minimum—must conform to international financial accounting standards. The annual accounts and project accounts will be audited by independent auditors acceptable to ADB. Copies of the accounts and audit reports in English, together with the auditor's opinion and management letter, will be submitted to ADB within 6 months of the close of each financial year.

93. The EA, through the PMU, will submit quarterly and annual reports to ADB. The reports will indicate the progress made, problems encountered, steps taken to remedy the problems, a program of activities, and expected progress during the remaining implementation period. The reports will also incorporate the project performance monitoring data and all relevant financial data. The reporting system will focus on outcomes, efficiency, and quality, and will be consistent with international and local reporting standards, as well as with the design and monitoring framework (Appendix 1). The EA will also provide such other reports and information relating to the project as ADB may reasonably request, including policy and institutional measures related to security of land use, development of pasture land, and the enabling environment for business

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<sup>15</sup> ADB. 2002. *Guidelines for the Financial Governance and Management of Investment Projects Financed by ADB*. Manila.

development that may have been affected by the Project. Within 6 months after project completion, the EA, through its PMU, will submit to ADB a project completion report detailing information on project implementation, use of the loan and grant proceeds, and accomplishments regarding the project outcomes and impact.

## 9. Project Performance Monitoring and Evaluation

94. To monitor the progress of the Project in achieving the planned outputs and outcome, the PMU will establish and maintain a project performance monitoring system within 6 months of project effectiveness. During project inception, a matrix of sub-indicators that substantiate the core performance indicators in Appendix 1 will be developed in a participatory manner. Where feasible, community-based monitoring mechanisms will be developed to strengthen participation and community level decision making. The performance monitoring system will be presented to the PSC during project inception for verification. Baseline data for the agreed indicators will be gathered, and updated every 6 months. These data will be reported to other development partners, interested stakeholders, and the public.

95. The GEF-financed activities will require monitoring, evaluation, and reporting to CACILM and GEF. Information from the project performance monitoring system (PPMS) will feed into the CACILM national monitoring and evaluation system, which will cover all CACILM projects in Tajikistan and will target four types of information: (i) land degradation and sustainable land management indicators for the design and monitoring framework; (ii) compliance with environmental and social safeguards that may be prescribed by the cofinancing agreements of the Strategic Partnership Agreement<sup>16</sup> members; (iii) project implementation, including the recording and tracking of work plan progress, all project inputs, and all activities; and (iv) project finances, including annual disbursements, contracts awarded, and annual audited financial statements

## 10. Project Review

96. Semiannual reviews will be conducted in the first few years of project implementation until ADB determines that an annual review will be sufficient for effective administration and implementation. Besides these regular reviews, a comprehensive review of the Project will be carried out jointly by the Government, MOA, SCLM, and ADB after 18 months, and a midterm review after 3.5 years of implementation. These reviews will, among other things, assess the overall progress of the Project and the need for changes in its design and implementation arrangements. At the end of the Project, the EA will prepare a project completion report and submit it to ADB within 6 months of project completion.

## IV. TECHNICAL ASSISTANCE

97. The technical assistance Capacity Development for Planning and Management in Local Government will improve economic and social development in the five *raions* of Faizabod, Rogum, Rudaki, Vardat, and Varzob. The outcome is improved capacity in economic and social planning. The TA will focus on: (i) approaches to planning and management appropriate to the institutional and resource capacity of the *raions*; (ii) coordination strategies and arrangements to optimize the effectiveness of development activities in each *raion* and in the area of the five *raions*, at *jamoat*, community, and national levels; (iii) systems and procedures for planning,

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<sup>16</sup> Strategic Partnership Agreement for United Nations Convention to Combat Drought and Desertification Implementation in the Central Asian Countries. The present members are ADB, Canadian International Development Agency, CCD Project of the German Agency for Technical Cooperation, Global Mechanism, International Center for Agricultural Research in Dry Areas, International Fund for Agriculture Development, SDC, UNDP, United Nations Environment Programme, and World Bank.

budgeting, and monitoring financial and implementation activities; (iv) increased capacity of *raions* to identify and prioritize needs and plan and implement local development activities; (v) increased community participation in defining local development priorities and actions; and (vi) improve performance management overall. A grant of \$600,000 from ADB's TA funding program will finance the services of international (12 person-months) and national consultants (108 person-months). MOA will be the EA for the TA, which will be implemented over 36 months, from 2007. The TA will be implemented in two phases. Details of the TA are shown in Appendix 11.

## V. PROJECT BENEFITS, IMPACTS, ASSUMPTIONS, AND RISKS

### A. Project Benefits<sup>17</sup>

98. Without the Project, low incomes and high rates of rural poverty, caused by low crop and livestock yields and an environment that is not conducive to commercial farming, agribusiness, and rural enterprises, will persist. The features of this unfavorable environment are: (i) poorly defined and ambiguous land use rights; (ii) distortionary interventions by local government agencies in onfarm production and marketing decisions; (iii) very poorly developed input supply markets; (iv) lack of functioning agricultural extension and rural business advisory services; (v) lack of access to credit for onfarm investments, agribusiness, and other rural enterprises; and (vi) deteriorating farm and nonfarm rural infrastructure. The Project will address all these constraints to increasing rural incomes by improving crop and livestock yields, pasture land management, and opportunities for farmers, agribusinesses, and rural enterprises.

99. Improved land use security for about 7,000 farmers, through facilitation of the ongoing farm restructuring and land registration process, in collaboration with other development partners working on land reform issues, is a key benefit. This is expected to stimulate private sector-led growth in the agriculture and agribusiness sectors.

100. Secure land use rights, together with agricultural extension services, credit, and improved input supply, are expected to improve crop productivity significantly. The financial analysis based on crop budgets shows an increase in farm-level gross margins by about 105% to 171% for different crops 2 years after the expected completion of the Project. The envisaged increase in gross margins is based on a 30–40% increase in crop yields. These productivity increases are realistic, because yields significantly declined below their natural potential during the post-Soviet era of civil war. Consequently, per capita incomes are expected to increase to TJS580 (\$171) for rainfed crop farms and TJS804 (\$237) for irrigated farms from a current average per capita income of TJS200 (\$60).

101. Currently, about 140,000 head of cattle and nearly 200,000 sheep and goats are raised in the project area on 350,000 ha of poorly managed pasture lands. Livestock production also has potential for productivity improvement. Secure land use and proper pasture land management, together with necessary support services, can realistically increase annual milk production by at least 50%, the total number of calves reared by 100%, lambing percentages by 100%, and kidding percentages to 150%. These improvements will allow about 35,000 farm families that currently have livestock in the project area to increase their incomes and assets significantly. In addition, the nutrition of these farm families will also improve with increased livestock production.

102. As shown by the indicative models of financial analysis, the Project's credit line, together with rural business development services, will generate significant benefits by supporting profitable agricultural processing and other rural enterprises. The rural infrastructure, prioritized

<sup>17</sup> Supplementary Appendix H contains further details on the financial and economic analysis.



by the local communities will remove existing physical infrastructure constraints. Indicative models of three irrigation rehabilitation projects generate an economic internal rate of return (EIRR) of 60–70%. The high EIRR is due to the substantial sunk cost and low cost of rehabilitation required to improve the reliability of water supply. For three water supply projects, an analysis of the time savings in water collection compared with investment costs shows significant and robust returns.

103. The results of the Project-wide economic analysis, excluding the rural infrastructure component, show an economic return of 18%. According to the sensitivity analysis, the economic returns are stable, with either an increase in cost or a reduction in benefits of 20% or a 3-year delay in project benefits reducing the EIRR to about 14%. See Supplementary Appendix H for details on financial and economic analysis.

104. The Project will bring social benefits by improving land use security, the rural business environment, access to pastures, and livelihood activities. The summary poverty reduction and social strategy is in Appendix 12.

## **B. Environment and Social Safeguard Issues**

### **1. Environment**

105. The Project has been classified as category B by ADB. An IEE has been prepared. The Project is not likely to cause any significant negative environmental impact. It is likely to have a significant positive impact on soil and water resources, grassland productivity, watershed condition, agricultural development, and institutional development. The environmental management plan (EMP) outlines environmental mitigation measures and monitoring requirements. Budgets for environmental staff and environment assessment and monitoring activities have been included. The EMP is to be revised, as necessary, during project inception. Specific environmental assessment and review procedures have been developed, and included in the EMP, for the environmental assessment of rural infrastructure projects during implementation. The IEE is in Supplementary Appendix I and the summary initial environmental examination is in Supplementary Appendix J.

### **2. Involuntary Resettlement**

106. The investments of the type and size anticipated under the Project are not expected to have any significant land acquisition or resettlement impact. Given the possibility of minor land acquisition for the construction or rehabilitation of community and *raion* infrastructure, and the likelihood of impact on productive assets, particularly on agricultural land through irrigation rehabilitation, a resettlement framework has been prepared (Appendix 13). When subprojects are designed and impacts identified, a short resettlement plan will be prepared according to the resettlement framework.

### **3. Indigenous People**

107. In the project area, more than 11% (62,617) of the population is of ethnic minority origin. The major ethnic minority is the ethnic Uzbek group, which accounts for more than 98% (61,365) of the ethnic population. However, more than 70% (43,616) of the ethnic Uzbek minority is found in the non-cotton-growing *jamoats* of Rudaki, 27% (16,723) in Vahdat, and the remaining 3% in Varzob. Other smaller ethnic minority groups include Russians (found in very small numbers in each of the project *raions* and primarily married to ethnic Tajik), Kyrgyz, and Ukrainians.

108. A range of specific actions targeted at ethnic minority groups have been designed to ensure they will also benefit proportionately from the Project. These include: (i) the use of facilitators fluent in the Uzbek language, (ii) the inclusion of at least one ethnic Uzbek facilitator, where necessary, among community-based facilitators in local communities; (iii) the hiring of a national gender and social development specialist with an understanding of ethnic minority development issues, to spend up to 30% of the consulting assignment supporting ethnic Uzbek communities; and (iv) budget support specifically for the monitoring of project impact on ethnic minority groups, including the use of participatory techniques to ensure the active involvement of ethnic minority stakeholders in the monitoring and evaluation of project benefits. More details on specific actions for ethnic minorities are in Supplementary Appendix K.

### **C. Gender and Development**

109. Key findings of the gender analysis show the need to address specific gender issues. The Project will take actions to: (i) improve women's formal access to land, thereby increasing land use security; (ii) adopt participatory processes to facilitate the active participation of women in the Project, including demand-driven, community-based infrastructure projects; (iii) provide business advisory services to women and leverage access to microcredit through MFIs for a range of farm and nonfarm activities; (iv) increase the agricultural knowledge of women; and (v) promote gender responsiveness among policy makers and other stakeholders involved in the Project. More specific actions for each project component are contained in the gender action plan (Appendix 14). To enhance participation, a participation plan has been prepared (Supplementary Appendix L).

### **D. Project Sustainability**

110. Project sustainability depends on five main factors: (i) land use security, (ii) sustainable land management, (iii) continuous provision of agricultural extension and business development services, (iv) maintenance of rural infrastructure, and (v) continuous provision of credit for onfarm investments and agribusinesses.

111. The Project will facilitate the registration of farms and access to legal services. Infrastructure investment will be contingent on the satisfactory performance of *raion* and *jamoat* officials in ensuring land use security.

112. The Project will demonstrate new sustainable land management practices, build capacity and demonstrate skills in their use, and rehabilitate degraded lands. The proposed activities will contribute to an enabling environment, within which land improvement and rural development can take place in an integrated manner. Resulting improvements in the productivity of land will contribute to increases in farm incomes, further reinforcing project sustainability.

113. Agricultural and business development services will be provided at the start by contracted NGOs or other organizations with the capacity to deliver these services efficiently. These will establish advisory centers, which will be registered as independent public associations.

114. A set of criteria will be developed for determining the feasibility of each rural infrastructure subproject proposed for funding under the Project. Among other criteria, the proponents should demonstrate the financial, physical, and institutional capacity to maintain the proposed infrastructure. Subproject proposals that cannot demonstrate sustainability of O&M will not be funded by the Project.

115. The credit line will be developed without any distortions in the financial market parameters and will be operated under prevailing market conditions. Therefore, the participating

MFIs are likely to generate adequate revenue to continue their credit operations in the agriculture sector after the Project.

## **E. Project Risks**

116. There are some risks associated with the Project. The success of market-oriented private farming and agribusiness depends heavily on the provision of secure land use rights to farmers and an improved enabling business environment. While appropriate legislation exists, these laws are variously translated into meaningful actions at the local level. The implementation of the land use reform and farm restructuring program without any unnecessary intervention from regional and local government authorities is important for the success of the Project. The Project attempts to reduce this risk through continuous dialogue with higher levels of government, and necessary training and capacity development for both farmers and local government officials, to facilitate the reform process.

117. The Project includes the implementation of existing land use policy and legislation, investments, capacity development, and the dissemination of technical and business-related knowledge. The knowledge and capacity development components, generally, have much higher multiplier impact, but the benefits are long-term and mostly intangible. There is a risk that the investment components, particularly infrastructure components, may assume a prominent role in the Project and take resources away from the policy, capacity development, and knowledge components. The Project addresses this risk by applying a cap on the infrastructure component of the Project.

118. The development partner community has noted corruption, fraud, and abuse of funds in previous and current projects. ADB will address these issues by ensuring that proper accounting and procurement staff will be placed in the PMU. In addition, an independent audit of the accounts by a certified and reputable auditing firm will be conducted to reduce the risk of misuse of ADB funds.

119. Poor financial management capacity of the government agencies poses a financial management risk. Adequate capacity will be built in the PMU to reduce this risk.

120. Another potential risk to the Project is a drop in the prices of agricultural commodities due to oversupply. The main market targeted by the Project is Dushanbe, and its growth in demand is limited. The Project plans to mitigate this risk through improved processing of agricultural products by providing credit and business development support services. In addition, the business development service will explore possibilities for improving the export of fresh and processed produce.

## **VI. ASSURANCES**

### **A. Specific Assurances**

121. In addition to the standard assurances, the Government has agreed to include the following assurances in the legal documents:

- (i) The Government shall make available all counterpart funds required for the Project and on an annual basis for each fiscal year make adequate budgetary allocations required to implement the Project, including the requirements of the IEE, EMP, gender action plan, participation plan, specific actions for ethnic minorities, and resettlement framework;
- (ii) The land use rights of farmers shall be improved by (a) issuing the required land use certificates in all *dekhan* farms in the project area, and (b) protecting farmers

- from arbitrary cancellation of land use certificates and eviction from farmland without due process;
- (iii) A simplified registration procedure for businesses in the project area shall be implemented within 3 years of the effective date, on a pilot basis and within the existing legislative framework;
  - (iv) Within 2 years of the effective date, the Government shall adopt a national policy, strategy, and investment plan for the management of pasture lands and livestock. The Government shall, within 4 years of the effective date, adopt legislation and regulations as required to effectively implement the Plan;
  - (v) The curricula on pasture land management developed under the Project shall be mainstreamed and integrated into the broader curricula and programs at selected institutions;
  - (vi) The MFIs shall onlend the credit line to eligible subborrowers in accordance with agreed procedures;
  - (vii) Infrastructure subprojects shall be selected, approved, and implemented, and funds required for the infrastructure subprojects shall be disbursed, in each case, in accordance with agreed criteria and procedures;
  - (viii) The Project shall be carried out in accordance with all applicable environmental laws and regulations, ADB's *Environmental Policy*, the IEE, and the EMP;
  - (ix) If the Project causes land acquisition and resettlement impacts, the Government shall inform ADB and justify the impacts. After concurrence from ADB, the Government shall prepare a short resettlement plan in accordance with ADB's *Resettlement Policy* and the resettlement framework;
  - (x) All civil works contracts will contain provisions (a) requiring contractors to comply with (1) applicable workplace occupational safety norms, (2) applicable labor laws, and (3) any short resettlement plan; (b) prohibiting the use of child labor; and (c) ensuring that there is no differentiation in wages between men and women for work of equal value;
  - (xi) The use of contracted child labor by farmers for activities financed by the credit line shall be prohibited;
  - (xii) Each of the gender action plan, participation plan, and the specific actions for ethnic minorities shall be implemented in accordance with their respective terms;
  - (xiii) Appropriate and adequate financial and accounting control systems to support the PMU's ability to apply international accounting standards shall be established within 6 months of the effective date;
  - (xiv) All reports, drawings, maps, and historical data on soil, water, and land use characteristics and related information shall be made available to the PMU;
  - (xv) The Government shall provide or facilitate the obtaining of approval for the Project to acquire satellite imagery as required to collect and store geo-referenced data, create maps, and make such maps available to key agencies and stakeholders; and
  - (xvi) In the event the GEF grant funding cannot be obtained, (a) the support for pasture management field trails, demonstrations, and training and (b) the establishment of a pasture management program at a selected university or vocational level institution under Component 2 shall not be financed under the Project. Alternatively, the Government may make other arrangements necessary to cover the funding shortfall, acceptable to ADB.

## **B. Conditions for Loan and Grant Effectiveness**

122. The Government has agreed to meet the following conditions to Loan effectiveness:
- (i) (a) the Project Management Unit shall have been established and shall have sufficient offices and facilities as required for the Project; (b) the Project manager, acceptable to ADB, shall have been appointed; and (c) an accountant and

procurement specialist, in each case, acceptable to ADB, shall have been appointed.

- (ii) the Government shall have (a) identified an existing project management unit that has the capacity, staffing and expertise required to function as the PMU for the Project as an integrated unit; and (b) provided ADB with information, in sufficient detail, describing and demonstrating the capacity of such project management unit and the interagency coordination arrangements to be entered into between the Project Executing Agency and the agency otherwise responsible for overseeing the existing project management unit, in each case, to the satisfaction of ADB.

### C. Conditions for Disbursement

123. The Government has agreed to meet the following conditions to disbursements:

- (i) Prior to any amounts being disbursed under the Project, the Government shall have established an adequate financial and accounting control system that will support the PMU's ability to apply international accounting standards in connection with the Project.
- (ii) Prior to any Loan amounts being disbursed to any MFI for purposes of establishing the credit line under the Project: (a) the Government and the MFI shall have entered into a Subsidiary Loan Agreement in form and substance satisfactory to ADB; (b) ADB and the MFI shall have entered into a Project Agreement; and (c) ADB shall have received a legal opinion, acceptable to ADB, in respect of the effectiveness of the Subsidiary Loan Agreement and Project Agreement, among other matters.
- (iii) Prior to the second tranche release for infrastructure development, 50% of the *dekhan* farms in the Project *raions* shall have been issued with the required land certificates and the other stated performance targets shall have been met; and
- (iv) Prior to the third tranche release, 80% of the *dekhan* farms in the Project *raions* shall have been issued with the required land certificates, and the other stated performance targets shall have been met.

## VII. RECOMMENDATION

124. I am satisfied that the proposed loan would comply with the Articles of Agreement of the Asian Development bank (ADB) and recommend that the Board approve:

- (i) the loan in various currencies equivalent to Special Drawing Rights 5,920,000 to the Republic of Tajikistan for the Rural Development Project from ADB's Special Funds resources with an interest charge at the rate of 1.0% per annum during the grace period and 1.5% per annum thereafter; a term of 32 years, including a grace period of 8 years; and such other terms and conditions as are substantially in accordance with those set forth in the draft Financing Agreement presented to the Board;
- (ii) the grant not exceeding \$8,300,000 to the Republic of Tajikistan, from ADB's Special Funds resources, for the Rural Development Project; and
- (iii) in the event the Global Environment Facility approves grant financing not exceeding the equivalent of \$3,500,000 to the Republic of Tajikistan for the Rural Development Project, the administration by ADB of such grant in accordance with the proposal set out in paragraph 66 of this Report.

Haruhiko Kuroda  
President

## DESIGN AND MONITORING FRAMEWORK

Design Summary	Performance Targets/Indicators <sup>a</sup>	Data Sources/ Reporting Mechanisms	Assumptions and Risks																														
<b>Impact</b> Farm and nonfarm incomes of rural households increased	Farm incomes of rural households increase from about TJS200 to TJS580 (rainfed farms) and TJS800 (irrigated farms)  Nonfarm incomes of rural households increase 35%  Number of poor households is reduced by 25%	Farm and business survey National and regional statistics Project completion report  National and regional statistics Project completion report  Income and poverty surveys Project completion report	<b>Assumptions</b> Macroeconomic conditions are stable or improved  Commodity prices remain stable																														
<b>Outcome</b> Productivity of farms and rural enterprises in five project <i>raions</i> increased within an environmentally sustainable management framework	Yields (mt/ha) increase by 2014:  <table border="1"> <thead> <tr> <th>Rainfed</th> <th>From</th> <th>To</th> </tr> </thead> <tbody> <tr> <td>Wheat</td> <td>1.4</td> <td>1.7</td> </tr> <tr> <td>Potatoes</td> <td>10.0</td> <td>12.5</td> </tr> <tr> <td>Orchards</td> <td>1.0</td> <td>1.5</td> </tr> <tr> <td>Fodder</td> <td>20.0</td> <td>24.0</td> </tr> </tbody> </table> <table border="1"> <thead> <tr> <th>Irrigated</th> <th>From</th> <th>To</th> </tr> </thead> <tbody> <tr> <td>Wheat</td> <td>3.0</td> <td>3.8</td> </tr> <tr> <td>Potatoes</td> <td>22.5</td> <td>29.5</td> </tr> <tr> <td>Orchards</td> <td>2.2</td> <td>4.2</td> </tr> <tr> <td>Fodder</td> <td>40.0</td> <td>48.0</td> </tr> </tbody> </table> 25% of participating farms reach a commercial level of production (over 50% of produce sold for cash)  Rural enterprise turnover increased	Rainfed	From	To	Wheat	1.4	1.7	Potatoes	10.0	12.5	Orchards	1.0	1.5	Fodder	20.0	24.0	Irrigated	From	To	Wheat	3.0	3.8	Potatoes	22.5	29.5	Orchards	2.2	4.2	Fodder	40.0	48.0	National and regional statistics Farm surveys Project completion report          Project surveys Project progress reports Project completion report   Project surveys Project progress reports Project completion report	<b>Assumptions</b> Security of land use is maintained  Farmers have freedom to farm and operate independently of any outside interference  Substantially reduced interference of public officials in private business is maintained  <b>Risk</b> There are continued delays in land reform
Rainfed	From	To																															
Wheat	1.4	1.7																															
Potatoes	10.0	12.5																															
Orchards	1.0	1.5																															
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Orchards	2.2	4.2																															
Fodder	40.0	48.0																															
<b>Outputs</b> <b>1. Policy and Institutional Development and Reform</b> 1.1 Land use rights secured	<i>Raion</i> administrations operating efficient, transparent, fair, and effective land registration systems by end of year 3  100% of <i>dekhan</i> farms with land certificates (30% of farms owned by women)  Incidents of land disputes identified and resolved  No farmers reporting compulsory land use	Farm surveys   SCLM reports Project surveys   Farm surveys Agency reports  Farm surveys	<b>Assumptions</b> Farmers are willing and able to participate in project activities  <i>Raion</i> administrations actively participate in the Project and adopt a positive attitude to improving land use security and farm productivity  <b>Risk</b> Change in government strategy																														

Design Summary	Performance Targets/Indicators <sup>a</sup>	Data Sources/ Reporting Mechanisms	Assumptions and Risks
<p>1.2 Policies and institutions for pasture lands improved</p> <p>1.3 Administration and institutional aspects of business development improved</p>	<p>National policy and strategy for pasture land and livestock management by year 2</p> <p>Restructured institutions for pasture land management by year 6</p> <p>Legislation approved by year 4</p> <p>Equitable access to all categories of pastures</p> <p>Streamlined business registration process installed in all <i>raions</i> by year 3</p> <p>Reduced registration time</p> <p>Reduced inspection frequency and duration</p> <p>Incidence of business interference by <i>raion</i> authorities eliminated</p>	<p>Presidential decree issued</p> <p>Reduced number of institutions and changed functions and responsibilities</p> <p>Legislation enacted</p> <p><i>Raion</i> administration reports Project surveys</p> <p><i>Raion</i> administration reports</p> <p><i>Raion</i> administration reports Project surveys</p> <p><i>Raion</i> administration reports Project surveys</p> <p><i>Raion</i> administration reports Project surveys</p>	<p><b>Assumptions</b> Government accepts the recommendations of the study and moves quickly to implement them</p> <p><i>Raion</i> administrations actively participate in the Project and adopt a positive attitude to enable businesses to register and operate in a fair and transparent business environment</p>
<p><b>2. Sustainable Land Management (Pasture, Arable, and Forest)</b></p> <p>2.1 Pasture and livestock planning and management skills demonstrated</p> <p>2.2 Capacity for effective land management</p>	<p>At least five pasture user groups established by year 3</p> <p>At least four pilot sites based on at least two different livestock production systems and reformed pasture land and management systems by year 2</p> <p>Methodologies for reorganization of pasture land administration and tenure extended by <i>raion</i> authorities to all areas by year 4</p> <p>Improved land condition and associated biodiversity status by year 6</p> <p>Improved winter feeding and economic performance by year 6</p> <p>New approaches and techniques for monitoring livestock and pastures adopted by <i>raion</i> authorities by year 4</p> <p>Trained pasture land planning and management graduates by</p>	<p>Project reports</p> <p>Project reports</p> <p>Project survey</p> <p>Project reports</p> <p>Project surveys Project reports</p> <p><i>Raion</i> monitoring reports</p> <p>University reports</p>	<p><b>Assumption</b> <i>Raion</i> authorities prepared to adopt new methodologies for pasture land administration and tenure</p> <p><b>Risks</b> Households and institutions not prepared to change from present pasture land and livestock management system</p> <p>Current elite capture of prime pasture land cannot be dislodged</p>

Design Summary	Performance Targets/Indicators <sup>a</sup>	Data Sources/ Reporting Mechanisms	Assumptions and Risks
<p>improved</p> <p>2.3 Degraded lands rehabilitated</p>	<p>year 5</p> <p>Trainers demonstrate competency in new approaches and techniques</p> <p>Institutional link established between foreign and local training institutions by year 4</p> <p>35% of farmers practicing appropriate land management techniques</p> <p>Farming on sloping land above 30 degrees eliminated</p> <p>25% of pasture and sloping agriculture land managed sustainably</p> <p>20% of degraded arable land rehabilitated</p> <p>At least five community forest groups established by year 2</p>	<p>Project reports</p> <p>Project reports</p> <p>Project surveys Project reports</p> <p>Farm surveys Project reports</p> <p>Project surveys Project reports</p> <p>Project surveys Project reports</p> <p>Project surveys Project reports</p>	<p><b>Assumption</b> Households and institutions readily adopt new practices</p>
<p><b>3. Agriculture and Rural Business Support</b></p> <p>3.1 Demand-driven farm and rural business advisory services established and sustainably operated</p>	<p>Advisory centers established</p> <p>___ master farmers trained and competent to deliver required training (___% of them women)</p> <p>___ farmers adopting improved farming practices</p> <p>Service centers privatized by year 5</p> <p>Staff of appropriate agriculture training institutions competent to deliver farm management, extension, and farm business development courses</p> <p>Number of enterprises supported and established or expanded</p> <p>Diversity of enterprises increased</p> <p>Number of contracts developed with marketing outlets and agribusinesses</p> <p>Number of export links established and maintained</p>	<p>Project reports</p> <p>Advisory center reports Project reports</p> <p>Farm survey Advisory center reports Project reports</p> <p>Project reports</p> <p>Project reports</p> <p>Advisory center reports Project reports</p> <p>Advisory center reports Project reports</p> <p>Advisory center reports Project reports</p>	<p><b>Assumptions</b> Participants are willing to practice what they have learned</p> <p>Government supports the adoption of new techniques and improved farm practices</p> <p>All inputs are available and accessible in adequate quantities and on a timely basis</p> <p>Private sector develops in input supply, machinery services, marketing, and agro-processing</p> <p>Farmers access adequate levels of working capital and investment finance</p> <p><b>Risk</b> Transport costs and informal charges for export of produce remain prohibitive</p>



Design Summary	Performance Targets/Indicators <sup>a</sup>	Data Sources/ Reporting Mechanisms	Assumptions and Risks
3.2 Market information system operational	<p>Up to ___ entrepreneurs trained in organizational, management, and financial arrangements for business enterprises</p> <p>Market information regularly reaches 50% of farmers</p> <p>Number of farmers requesting services and willing to pay</p>	<p>Project survey Project reports</p> <p>Project survey Project reports</p>	
<p><b>4. Rural Infrastructure Development</b></p> <p>4.1 <i>Raion</i> and <i>jamoat</i> infrastructure planning and maintenance capacity improved</p> <p>4.2 <i>Raion</i> and community infrastructure improved with sustainable O&amp;M arrangements</p>	<p>Infrastructure plans developed for sectors with projects being submitted for project financing</p> <p>Each project proposal includes realistic physical and financial maintenance plan</p> <p><i>Raion</i> and community infrastructure projects completed with 100% O&amp;M funding</p> <p>User associations formed and responsibilities for O&amp;M agreed on for each relevant project site</p> <p><i>Raion</i> administrations establish effective systems for maintenance</p> <p>Infrastructure effectively maintained</p>	<p><i>Raion</i> and <i>jamoat</i> plans Project reports</p> <p>Project proposals</p> <p><i>Raion</i> report Project report</p> <p><i>Raion</i> report Project report</p> <p><i>Raion</i> report Project report</p> <p><i>Raion</i> report Project report</p>	<p><b>Assumptions</b> Identification and prioritization process is sufficiently participative to ensure community is willing to maintain completed infrastructure</p> <p><i>Raion</i> allocates required resources for maintenance</p> <p><b>Risk</b> Insufficient funds available for regular maintenance</p>
<p><b>5. Project Management</b></p> <p>5.1 Project managed effectively</p> <p>5.2 Project monitored and evaluated effectively</p>	<p>Timely implementation of work schedule and delivery of inputs and outputs for the Project</p> <p>Timely, accurate, and comprehensive reporting of Project's progress to Government and ADB</p> <p>Effective project management and monitoring systems, including project performance management system operationalized</p>	<p>Annual work plans and budgets</p> <p>Project reports</p> <p>M&amp;E reports</p>	<p><b>Assumptions</b> International and national consultants provide effective support to MOA and implementing agencies</p> <p>Implementation and management arrangements can deal effectively with interference from influential parties</p>

Activities	Inputs
1.1.1 Prepare and conduct awareness program for <i>raion</i> officials and farmers 1.1.2 Conduct survey of practices in land registration and agree on good practices for implementation 1.1.3 Prepare and conduct legal literacy and legal aid initiatives 1.1.4 Identify and complete registration of all <i>dekhan</i> farms 1.1.5 Develop mechanism for resolution of land disputes 1.1.6 Develop monitoring mechanisms to assess performance of <i>raion</i> administration in improving land security	<b>ADB Loan</b> – \$8.80 million <b>ADB Grant</b> – \$8.30 million <b>GEF</b> – \$3.50 million <b>Government</b> – \$1.65 million <b>Beneficiaries</b> – \$1.05 million
1.2.1 Conduct international conference on pasture land management 1.2.2 Undertake a sector assessment on pasture land and livestock management 1.2.3 Establish a sustainable land management database 1.2.4 Conduct national workshop and disseminate findings and recommendations of sector assessment 1.2.5 Prepare national vision, policy, strategy and investment program for pasture land and livestock management 1.2.6 Prepare legislation, regulations, and institutional reforms 1.2.7 Conduct regional workshops to disseminate recommendations	
1.3.1 Conduct economic study of costs of administrative interference 1.3.2 Conduct training for <i>raion</i> and <i>jamoat</i> staff in business legislation 1.3.3 Prepare pilot and revise a simplified registration procedure for businesses and <i>dekhan</i> farms 1.3.4 Develop mechanisms for monitoring business environmental performance of <i>raion</i> and <i>jamoat</i> authorities	
2.1.1 Establish pasture user groups 2.1.2 Establish pilot sites to demonstrate new pasture land planning and management techniques 2.1.3 Design monitoring protocols for farm-level planning and management 2.1.4 Rehabilitate and revegetate selected pasture lands 2.1.5 Develop and implement appropriate monitoring mechanism, including surveys 2.1.6 Review and adapt methodology and planning for Project-wide expansion	
2.2.1 Contract international institutions 2.2.2 Select an educational institution in Tajikistan 2.2.3 Prepare, deliver, and evaluate curricula on pasture land management for either university or vocational institution 2.2.4 Establish a network of cooperating institutions 2.2.5 Conduct training for students on demonstration sites 2.2.6 Establish links with extension services 2.2.7 Identify candidates of relevant educational institution for overseas university training	
2.3.1 Undertake assessment of degradation of arable land in association with CACILM activities 2.3.2 Conduct activities and revegetate degraded areas 2.3.3 Develop pilot demonstration to introduce improved land reclamation practices and on-farm water management technologies and practices 2.3.4 Conduct activities to improve community forestry management	
3.1.1 Assess demand for agricultural and rural business advisory services and determine appropriate size of advisory center and training and advice to be provided 3.1.2 Develop bidding documents and contract NGOs to establish advisory centers 3.1.3 Monitor performance of NGOs and advisory centers 3.1.4 Explore options for developing agriculture extension and farm management programs at appropriate institution 3.1.5 Explore mechanism for the prioritization of advisory centers 3.1.6 Identify appropriate MFIs to channel microcredit, and develop appropriate contracts	
3.2.1 Prepare bidding documents and contract appropriate agency to establish MIU 3.2.2 Provide assistance to MIU for import substitutes and export promotion	

4.1.1	Support <i>raions</i> in establishing appropriate community-based organization and consultative process for both <i>raion</i> and <i>jamoat</i>	
4.1.2	Assist with preparation of subsector plans	
4.1.3	Conduct training in planning process and preparation of investment proposal	
4.1.4	Assist in developing linkages between investment maintenance proposals and available funding	
4.2.1	Assist <i>raions</i> and community groups in identifying and prioritizing infrastructure project	
4.2.2	Assess and finance feasible <i>raion</i> and community infrastructure projects	
4.2.3	Undertake appropriate training at <i>jamoat</i> level	
5.1.1	Recruit international and national consultants	
5.1.2	Establish financial management system	
5.1.3	Prepare procurement documents for approval, tender, and evaluation	
5.1.4	Contract service providers	
5.2.1	Establish monitoring and evaluation system	
5.2.2	Conduct baseline and regular surveys	
5.2.3	Submit quarterly progress and other required reports	

ADB = Asian Development Bank; CACILM = Central Asian Countries Initiative for Land Management; GEF = Global Environment Facility; M&E = monitoring and evaluation; MFI = microfinance institution; MIU = market information unit; MOA = Ministry of Agriculture; NGO = nongovernment organization; SCLM = State Committee on Land Management; TJS = somoni.

<sup>a</sup> Indicators without targets will be identified following the baseline survey to be conducted in the first 6 months of project implementation. Year refers to years after project effectiveness.

## COUNTRY AND SECTOR ANALYSIS

### A. Macroeconomic Performance

1. After independence in 1991, Tajikistan, one of the least-developed members of the former Union of Soviet Socialist Republics (USSR), suffered huge shocks, first from the abrupt termination of economic support from Russia, and then from a protracted civil war from 1992 to 1997. By 1997, gross domestic product (GDP) had fallen by about 60% to \$175 per capita. Economic recovery began in 1997 with the end of the civil war. The improved political and economic stability provided the base for the recovery, which further benefited from favorable prices for cotton and aluminum, strong regional economic growth, particularly in Russia, a substantial flow of remittances from Russia,<sup>1</sup> and increased support from the international community. Agriculture and the service sector benefited most.

2. GDP has grown by about 10% yearly since 2000, and the International Monetary Fund (IMF) expects growth of 6% for 2006–2007. Inflation fell from 39% in 2001 to about 7% in 2005. The fiscal deficit has remained at less than 3% of GDP, despite a significant increase in internally funded public investment. The current account balance has remained stable at 3.8% of GDP since 2002, despite increased imports. External debt has been halved since 2001 following debt write-offs by Russia and Pakistan. At least 50% of Tajikistan's GDP is estimated to be generated by the informal sector.

3. Tajikistan has an open trade policy, with an export-to-GDP ratio of 51% in 2003. Tariffs are low, 7.5% on average, and there are few official nontariff restrictions on trade. However, most goods are transported through Uzbekistan or Kyrgyzstan, adding significant formal and informal fees to the transaction costs and also creating uncertainty and instability in trade relationships. Cotton, aluminum, and electricity account for about 85% of exports; the narrow commodity export base makes Tajikistan vulnerable to changes in world commodity prices. The Government applied to the World Trade Organization (WTO) in May 2001 and is negotiating accession.

4. Despite substantial progress, Tajikistan remains deeply poor (GDP of \$311 per capita in 2004). The domestic market is constrained by a small population and low incomes, and the country's high mountains and remote location create formidable barriers to both internal and external trade. Infrastructure development is difficult and expensive, although some progress is being made in improving main national road links. A major obstacle to continued economic progress is the large debt of cotton farms (about \$300 million).

5. A weak tax base (16% of GDP in 2005) inhibits both public investment in and maintenance of infrastructure. Slow and incomplete structural reform continues to impede private sector development, and there are significant capacity constraints in both the public and private sectors. High transaction costs caused by widespread corruption and inappropriate regulation further impede the private sector and contribute to the expansion of the informal sector.

6. Private investment is inhibited by the small size of the banking sector (total lending in 2005 was only 9% of GDP, and deposits were only 4% of GDP), high interest rates, and limited access to medium-term capital.

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<sup>1</sup> Estimates of remittance income in 2004 range from \$433 million to \$1 billion per year, equivalent to 21–50% of GDP (See International Monetary Fund 2005) Article IV Consultation with Republic of Tajikistan.

## B. Role of Agriculture

7. Agriculture is a key sector of the economy, accounting for 24% of GDP, 66% of employment, 26% of exports, and 39% of tax revenue. Over 72% of the population, about four million people, depend on agriculture for their livelihood. Agriculture has accounted for one third of economic growth since 1997 and has thus made a major contribution to the decrease in rural poverty. Rural poverty incidence fell from 83% in 1999 to 64% in 2003.

8. Agricultural land in Tajikistan covers about 4.6 million hectares (ha), made up of pasture (3.8 million ha), arable land (732,000 ha), and perennial crops (103,000 ha). The total irrigated area is about 732,000 ha, of which pump irrigation covers about 338,000 ha, or 46% of the total irrigated land. Irrigation serves 504,000 ha of arable land, 122,600 ha of household plots, 79,500 ha of orchards and vineyards, and 25,900 ha for other uses. The main irrigated crops are cotton, grains (wheat and corn), fruits, and vegetables.

9. Land reform has been continuing for several years, with land use certificates issued for some 60% of arable land by the State Committee for Land Management (SCLM).<sup>2</sup> Generally, land reform has failed to provide equitable and secure land-use rights to farmers. Moreover, ambiguous land-use rights have undermined incentives to produce and to invest in land improvement. Despite their eligibility by law, some rural people have been denied their land rights. Local government officials have enormous latitude in interpreting land-use rights.

10. Farming in the hills and mountains enjoys more freedom from interference by government officials.<sup>3</sup> Still, the rural population is compelled to follow orders issued by the local authorities. In a variety of complex arrangements, farmers are often asked to produce and deliver certain products or provide certain services in return for being granted plots of land or access to a pasture, or obtaining tax relief. Overall, these arrangements severely dampen incentives and keep the farming population preoccupied primarily with their household plots and subsistence farming.

11. The rural population depends on household plots for subsistence. Household plots are essential for survival in the absence of alternative employment opportunities and formidable difficulties in start-ups of private commercial farming. These plots are largely free of state interference; farmers can choose what they produce, consume, or sell. The size of household plots is about 0.10–0.15 ha for irrigated land, and about double that for nonirrigated land, usually in higher-rainfall hilly and mountainous areas. Land use is intense and land productivity high. Many irrigated plots are double- and sometimes triple-cropped, with potatoes and other crops mostly for home consumption and the rest (onions, carrots, eggplants, cabbage, cauliflower, etc.) for the market. Occasionally, even wheat is grown on the household plots mainly because it stores well and lasts until late winter and early spring, when poor households tend to run out of supplies for themselves and their livestock. Nearly all household plots have fruit and fuelwood trees. In addition, the plots in part sustain large and small livestock on crop residue. Household plots are also by far the most productive segment of agriculture, accounting for well over 50% of the value of agriculture production on about 12% of arable land. Various

<sup>2</sup> Land use certificates issued in the project area ranges from 40% in Faizobod to 72% in Rudaki. These estimates use individual *dekhan* farms as a proxy, since all were granted certificates. Some members of collective *dekhan* farms may have been issued certificates. However, there are major data inconsistencies between the *raion* branches of SCLM and the SCLM headquarters.

<sup>3</sup> For example, land reform has been completed in the Gorno Badakshan Autonomous Oblast (GBAO), with all farmers issued land certificates. GBAO is the most remote area in Tajikistan. Since 1992 it has been supported by the Aga Khan Foundation.

surveys indicate that about 50% of consumption and more than 60% of household income stem from these plots.<sup>4</sup> The gross value of agricultural production of household plots is about TJS2,770 (\$820) per ha, which is about three times that of *dekhan* farms and 4.6 times higher than that of old collective farms.

12. The composition of agricultural output changed substantially after independence, because of changes in cropping patterns and a fall in livestock numbers. The contribution of crops increased from 60% to 80% of gross agricultural output. Crop yields have increased substantially since 1998, although they remain extremely low by regional and international standards. Political and economic stability has brought about increased use of fertilizer, which has driven up yields. Still, limited access to good-quality seed (home-saved seed is used most often) and the near absence of mechanized equipment pose severe technical constraints on agriculture growth. Over 50% of farm equipment is out of order and new equipment is generally unaffordable. As a result of the limited availability of mechanized equipment, most agricultural operations are done manually and mechanized equipment is being replaced by horse-drawn implements.

13. Cotton is the most important crop in Tajikistan in terms of rural employment (50% of the labor force) and export earnings. Exported mainly as raw fiber, it generates about 17% of export earnings and 11% of GDP (2004). The most significant trend in the last few years has been the substantial increase in wheat production and other food crops, which has improved nutrition and contributed to poverty reduction. Crop production has grown much faster than livestock production, accounting for 80% of sector growth from 1999 to 2003. Crop production has shifted from high-value crops during the Soviet era to lower-value cereal crops partly because of the lack of effective domestic and export demand, and also because of food security concerns and a drift to subsistence farming. Increased cropped areas, especially for wheat, encroach on marginal lands, aggravating soil erosion and causing long-term environmental damage.

14. Produced on about 170,000 ha of arable land, fruits and vegetables are a traditional domain of Tajik agriculture, particularly in the hills and mountains. Over 70% of horticulture output (about one million tons of fruits and vegetables) is produced on household plots. Production is mainly for home consumption, barter trade, and opportunistic sales. Orchards and vineyards need replacement because of neglect, infestation, and disease. Postharvest losses are large because of poor or even absent storage and processing facilities. The processing of fruits and vegetables is divided into canning and drying. The privatized industrial canning sector comprises about 32 plants, which are deeply underutilized (utilization is generally less than 30%) and obsolete. Processing equipment dates back to the 1930s with some renovations. Producing juices, pickles, jams, and tomato paste, most plants have throughput of less than one million liters a year. Total production is estimated at about 45 million liters. Current margins are estimated at less than 5% of gross revenues. Growers try to avoid industrial processing because of low prices and uncertain payment. They prefer small-scale natural sun drying or other methods.

15. Agricultural export is limited to cotton, and fruits and vegetables. Cotton accounts for 85–90% of agriculture exports, and fresh and processed fruit and vegetables for the remaining 10–15%. The Russian food market is evolving quickly as consumer income grows and international supermarkets expand, making it increasingly difficult for Tajik products to compete. Wheat, flour,

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<sup>4</sup> For example, see baseline update survey under the World Bank Farm Privatization Support Project, and the Rural Infrastructure Rehabilitation Project, unpublished working draft, September 2003 to January 2004, Monitoring and Evaluation Unit, Rural Information and Advisory Services. Also, see the Tajikistan Living Standard Survey.

and edible oils are the main food imports, but these account for less than 5% of total imports. Most fertilizer, agrochemicals, and fuel are imported from neighboring countries, and quality tends to be unreliable.

16. The commercial livestock sector has essentially collapsed. Cattle, small stock, and poultry numbers have declined and livestock ownership has shifted to households, which own about 90% of all livestock, and are the dominant suppliers of milk, meat, and other livestock products. Sheep and cattle numbers have been recovering slowly since the Civil War. Goat, yak, and horse numbers have been steadily increasing and now exceed their numbers at independence. With the exception of pig production and remittances, cattle and sheep are the main sources of income for those rural households with livestock. Livestock manure is important for garden plots and dried as fuel in winter. Horses are important as a substitute for tractors.

17. Milk and meat production is low (1,000–1,400 kilograms [kg] per dairy cow). Low fertility (on average, 50–55 calves per 100 cows) adversely affects milk and meat production. The weight of animals for meat production has declined on average by about 10–15%. Sheep and goats suffer similar problems as cattle. Fine angora sheep reared in mountainous regions used to be highly profitable but have now nearly vanished. Annual average wool production per sheep is stable, although total production has dropped.

18. Poor livestock nutrition is caused mainly by the lack of suitable fodder especially in late winter and early spring, and limited access to pastures throughout the year. Households have very limited access to pastures, which is a major problem for them and the environment. Often they cannot afford or are unwilling to pay for access to pastures controlled by *dekhan* farms or *raion* officials. They are forced to have their animals graze near settlements, causing overgrazing and environmental damage. Households control about 10% of cultivated area for fodder and less than 1% of pastures, although they keep 90% of all livestock and account for 90% of meat, 90% of milk, and 69% of egg production. *Dekhan* farms control about 36% of the area cultivated with fodder crops, and 67% of pastures, although they keep less than 6% of livestock and produce 2% of meat, 2% of milk, and less than 1% of eggs. Other agriculture enterprises (e.g., state breeding farms, old collective farms) control over 54% of cultivated areas for fodder and about 33% of pastures, although they keep only 11% of livestock and produce 8% of meat, 8% of milk, and 30% of eggs.

19. Other major problems in the livestock sector relate to animal diseases. The capacity to control diseases has declined considerably because of the reduced reach of veterinary services and the low supply of effective drugs caused in part by an inability to pay. Veterinary services have deteriorated especially in the more remote parts of the country. Suitable prophylactic measures are neglected, and livestock disease, notably brucellosis, and foot and mouth disease, is a serious issue.

20. Livestock processing plants have been privatized but operate at a fraction of their installed capacity, often in unsanitary conditions and with obsolete equipment. Farmers try to avoid these facilities, selling milk directly to consumers and meat mainly through bazaars.

21. Table A2.1 summarizes the main characteristics of farming in Tajikistan in 2005.

**Table A2.1: Characteristics of Main Farm Categories in Tajikistan, 2005**

Item	Household Plots	<i>Dekhan</i> Farms	State and Collective Farms	All Farms
Number of farms	600,000 <sup>a</sup>	18,483	1,439	24,211
Total agricultural land (ha)	251,980 <sup>b</sup>	2,251,108	1,669,889	4,644,982
Including irrigated land (ha)	122,607	397,139	306,670	732,411
Average by category (ha)	0.20	21.5	213.1	30.25
Arable land (ha)	153,124	465,938	252,111	723,672
Perennial crops (ha)	34,011	59,762	35,836	102,628
Arable land and perennial crops (ha)	187,134	525,700	287,947	826,300
Average by category (ha)	0.31	28.4	200.1	34.12
Pastures (ha)	—	1,700,423	1,363,994	3,773,181
Per landowner (ha)	—	32.0	947.8	155.84
Crop yields				
Cotton (ton/ha)	—	1.85	1.82	—
Wheat (ton/ha)	2.17	1.90	1.90	—
Number of cattle	1,062,124	42,601	114,254	1,218,979
% of total	87.1	3.5	9.4	100.0
Number of sheep and goats	1,907,884	146,859	537,720	2,592,463
Ownership (%)	74	6	20	100
Gross value of agricultural production (TJS '000)	540,267	197,483	271,119	1,009,229
Contribution by category (%)	54	20	26	100
Gross value of agricultural production per ha	2,771 TJS	822 TJS	600 TJS	1,138 TJS
Contribution to sector growth: (1999–2003) (%)	51	37	12	100

<sup>a</sup> Derived as rural population/family ratio.

<sup>b</sup> Total land area: household plots added to private land.

Sources: Goscomstat and Land Balance of Tajikistan, January 2005.

### C. Credit

22. Growth is further constrained by limited access to credit. Most farm credit is destined for cotton production. Financing for this is channeled to principal exporters through Credit Invest, Inc., a specialized financial institution, which guarantees cotton financing against the future crop.

23. The size of the market for microfinance loans was evaluated in a 2003 study<sup>5</sup> commissioned and funded by the International Finance Corporation (IFC) and Canadian International Development Agency (CIDA). This study estimated that the annual demand for

<sup>5</sup> Report on the Feasibility of Establishing a Microfinance Institution in the Republic of Tajikistan, prepared by Bearing Point, June 2003.



microfinance was about \$100 million and that this level of disbursements would result in an average national portfolio of about \$40 million serving about 100,000 clients.

24. Official National Bank of Tajikistan (NBT) statistics<sup>6</sup> show that the total level of microfinance disbursed in Tajikistan in 2005 was TJS296 million. This is the equivalent of about \$90 million at the year-end exchange rates and supports the findings of the 2003 study. However, the volume of lending may have been larger, as not all microfinance programs are registered with NBT.

25. The NBT figures also indicate that TJS296 million of microfinance lending represented 55,000 loans. This suggests an average loan size of TJS5,380. The majority of microcredit is lent for livestock (43%), followed by small trade (24%), crops (18%), small and medium enterprises (8%), and other agricultural activities (7%).

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<sup>6</sup> NBT Bulletin – *Vestnik*, No. 1/2, 2006.

**MAJOR EXTERNAL ASSISTANCE TO AGRICULTURE SECTOR**  
as of June 2006

Project	Funding Source	Amount (\$ million)	Year
1. Sustainable Cotton Subsector Project	ADB	12.0	2006
2. Support for Monitoring Policy Reforms and Improving Farm and Water Management	ADB	0.5	2004
3. Agriculture Rehabilitation	ADB	35.0	2003
4. Irrigation Rehabilitation Project	ADB	22.7	2004
5. Rural Development Project	ADB	17.1	2006
6. Technical Assistance on Farm Analysis and Awareness Raising, Farm Debt Resolution	ADB/CIDA	1.3	2006
7. Community-Based Agriculture Sector Development for Tajikistan	CIDA	6.6	2004
8. Pro-Poor Agricultural Development in Northern Tajikistan	CIDA	4.4	2004
9. Monitoring of Progress on Land Reform in Tajikistan through Establishment of a Participatory Monitoring System	CIDA	0.4	2004
10. Strengthening Coordination of Emergency Agricultural Activities in Tajikistan	CIDA	0.5	2004
11. Emergency Agricultural Assistance to Food-Insecure Female-Headed Households in Tajikistan	CIDA	0.4	2004
12. Providing Support to the Coordination Unit for Farm Debt Resolution	DfID	0.6	2006–2008
13. Support for Development of Third-Party Arbitration Court, Phases 1 and 2	DfID	2.6	2004–2007
14. Cotton Farm Finance Development	DfID/IFC	3.0	2006
15. Loan to Komron Agro Holding for Procurement of Cotton Seeds for Production of Cotton Seeds Oil	EBRD	1.6	2006
16. Trade Finance Facility <sup>a</sup>	EBRD	3.5	2006
17. Support to Small Farmers through Agricultural Development, Microfinance, and Irrigation Rehabilitation	EC	1.1	2004
18. Integrated Food Security in East Khatlon	EC	1.3	2003
19. Tackling Food Insecurity: A Livelihood Approach for Tajikistan	EC	0.3	2004
20. Support to the Land Reform in Northern Tajikistan through Local Extension and Support Services	EC/GAA	0.2	2005–2007
21. Improving Income and Living Standards in Baljuvan District	EC/GAA	1.0	2005–2007
22. Support to the Setting up of a Structure to Provide Advice to Farmers and other Rural Businesses in Khatlon Region	EC (TACIS)	1.2	2004–2006
23. Community Resource Management Programme	ECHO/GAA	0.8	2006
24. Strengthening Capacity of the Ministry of Agriculture in Preparation of Investment Projects	FAO	0.4	2004

Project	Funding Source	Amount (\$ million)	Year
25. Improving Food Security and Income Situation of Farmers in Northern Tajikistan	GAA	1.0	2005–2007
26. Farmers Ownership Project	GoCH	3.1	2001–2007
27. Dangara Valley Irrigation Project	IDB	8.1	2001
28. Farmer Ownership Model Project	IFC	3.3	2001–2006
29. Integrated Water Resource Management in Ferghana Valley <sup>c</sup>	SDC	2.5	2005–2008
30. Canal Automation Project in Ferghana Valley <sup>c</sup>	SDC	1.5	2003–2006
31. Agriculture Sector Survey <sup>b</sup>	SECO	0.2	2005
32. Support to Seed Sector Development in Tajikistan	SIDA	2.2	2004
33. Cadastral System	SIDA	2.0	2004
34. Farmer-to-Farmer Technical Assistance Programme	USAID	0.1	2006
35. Land Tenure Reform	USAID	1.5	2005–2008
36. Water User Association Project	USAID	1.9	2005
37. Agriculture Finance	USAID	0.8	2004–2007
38. Community Resource Management Programme	WFP	0.5	2004
39. Cotton Recovery Project	World Bank	15.0	2006
40. Farm Privatization Support	World Bank	20.0	1999
41. Rural Infrastructure Rehabilitation	World Bank	20.0	2000
42. Community Agriculture and Watershed Management	World Bank	15.3	2004
43. Land Registration and Cadastre System for Sustainable Agriculture	World Bank	10.0	2005
44. Ferghana Valley Water Resources Management	World Bank	13.0	2005
45. Community Agriculture and Watershed Management	World Bank/GAA	1.4	2006–2009
<b>Total</b>		<b>241.9</b>	

ADB = Asian Development Bank, CIDA = Canadian International Development Agency, DfID = Department for International Development of the United Kingdom, EBRD = European Bank for Reconstruction and Development, EC = European Commission, ECHO = European Commission Humanitarian Organization, FAO = Food and Agriculture Organization, GAA = German Agro Action, GoCH = Government of Switzerland, IDB = Islamic Development Bank, IFC = International Finance Corporation, SDC = Swiss Agency for Development and Cooperation, SECO = Swiss Economic Cooperation Organization, Sida = Swedish International Development Agency, TACIS = Technical Assistance to the Commonwealth of Independent States, USAID = United States Agency for International Development, WFP = World Food Program.

<sup>a</sup> 25% of the current portfolio relates to trade of agriculture-related goods.

<sup>b</sup> This was done by the World Bank.

<sup>c</sup> This includes Sughd province in Tajikistan.

Source: Interviews with country representatives of bilateral organizations and project reports, status reports, and official documents of the bilateral and multilateral organizations based in Tajikistan.

## ADF IX GRANT COMPONENT

1. The Asian Development Bank (ADB) will provide financing of \$17.1 million for the Rural Development Project. From this total, the Government of Tajikistan is requesting an Asian Development Fund (ADF) IX Grant allocation of \$8.3 million to finance the following: international and national consultants to undertake the national pasture land sector assessment and associated international and national workshops; the contracting of nongovernment organizations (NGOs) to develop agricultural and rural business advisory services; selected equipment and vehicles to support project implementation; and monitoring and evaluation.

### A. Constraints on Growth and Poverty Reduction

2. **Fiscal Weakness and Narrow Economic Base.** At the macro level, the country has accumulated a massive external debt. Despite improvements in managing the fiscal deficit, the Government faces significant structural impediments that limit its capacity to invest in basic social services and infrastructure and prevent the country from initiating poverty-reducing measures. One major structural bottleneck is its limited revenue sources. The Government relies mainly on its narrow export base (aluminum, cotton, and hydropower) for tax receipts. In past years, the cotton subsector alone generated about 35% of tax revenues. For the Government to address its fiscal situation there is need for the economy to diversify its income-generating activities and improve the performance of its revenue sources.

3. Farmers and business entrepreneurs have limited freedom to engage in commercial farming and rural business because of the restricted enabling environment. Most people have not been adequately informed of their rights and are dissatisfied with the allocation and demarcation of land parcels. In addition, authorities can take and reallocate land if it is considered to be used improperly or irrationally. Moreover, farmers are subject to extensive administrative interference in making production and marketing decisions. This creates a high level of insecurity among the population with respect to land-use rights and discourages investments in land and farming.

4. The business environment is influenced by the variable conditions caused by differing interpretations of national legislation and a lack of knowledge on the part of local officials, which result in unpredictable behavior by local government officials and a lack of incentives for potential farming and business entrepreneurs to invest and conduct commercial business. A more favorable business environment is essential to the development of small and medium enterprises to deliver input supplies, rural services, storage, processing, equipment dealerships, financial services, and other activities for an emerging market economy.

5. **Extensive Land Degradation.** The largest category of land in Tajikistan is grassland. Pasture management and livestock production systems have collapsed and social and economic conditions have changed dramatically. Livestock are a key component of most households' livelihood strategies, with about 90% of cattle owned by households. The sector is characterized by complex tenure systems and has been effectively bypassed by land reform. In addition, about 50% of forest land is also considered to be under pasture, and a policy on forestland management has been formulated. There is a need to reorient forest management toward the changing needs of local communities, toward comanagement of woodlots and shelterbelts, better coordination of forest management and grazing inside and outside forest

lands, and more active promotion of on-farm and household tree planting.<sup>1</sup> It is necessary to demonstrate land improvement techniques and measures to address this land degradation, which occurs in a variety of conditions.

6. Farmers and rural businesses lack professional agriculture and business support services and are disempowered as a result. Such services are currently being provided by a number of NGOs and institutes. An approach is needed to provide services in a flexible manner to meet the needs of farmers without generating the high overhead costs associated with formal institutional arrangements and without creating additional requirements for recurrent government expenditure.

7. Market information is crucial to decision making by farmers and business entrepreneurs. At present, while some information exists, it is not timely, often irregular, and not available to a wide audience. The aim will be to build a network that will collect, analyze, and disseminate market information in a form that can be used by advisers, farmers, and entrepreneurs.

8. **Economic Infrastructure in Disrepair.** Road and bridges need rehabilitation to provide more reliable and improved access to markets and services, irrigation systems require major repair, drinking water is often inaccessible, and electricity supply is constantly disrupted, particularly in winter.

9. **Weak National and Local Institutions.** All central government institutions are hampered by lack of financial resources: their budgets cannot cover much more than salaries. Similar difficulties exist at *raion* and *jamoat* levels. Skills in planning, particularly involving interrelationships between different parts of the economy are lacking. Clear accountability for performance is absent, and controls on performance are based on perceptions of results by the *raion* governor. The budgeting process does not allow for longer-term financial planning.

## **B. Proposed Activities**

10. A summary of the cost estimates for the grant is provided in the table.

11. The ADF IX grant will finance the participation of international and national consultants, who will provide services to increase land use security. They will undertake the nationwide pasture land management study; assess and develop more streamlined registration procedures for farms and businesses in rural areas; establish, through NGO contracts, agriculture and rural advisory service centers and a management information system; support the design and supervision of *raion* and community infrastructure and provide capacity development in the planning and maintenance of infrastructure; and provide further technical, accounting, and monitoring and evaluation staff for effective project implementation.

12. The ADF IX grant will also provide vehicles and equipment to support the pasture land study, sector assessment demonstrations of improved pasture land management, and the project management unit.

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<sup>1</sup> Central Asian Countries Initiative on Land Management (CACILM). 2005. *National Programming Framework for Tajikistan*. Dushanbe.

**Table A4.1: Cost Estimates**  
(\$ million)

Item	Amount
<b>A. Policy and Institutional Development and Reform</b>	
1. Land Use Rights	0.27
2. Policies and Institutions for Pasture Lands	1.20
3. Administration and Institutional Aspects of Business Development	0.13
<b>Subtotal</b>	<b>1.60</b>
<b>B. Sustainable Pasture, Arable, and Forest Land Management</b>	
1. Pasture Land and Livestock Planning and Management	0.42
2. Capacity for Effective Land Management	0.21
3. Degraded Land	1.00
<b>Subtotal</b>	<b>1.63</b>
<b>C. Agriculture and Rural Business Support</b>	
1. Demand-Driven Farm and Rural Business Advisory Services	1.16
2. Market Information System	0.51
<b>Subtotal</b>	<b>1.67</b>
<b>D. Rural Infrastructure Development</b>	
1. <i>Raion</i> and <i>Jamoat</i> Planning and Maintenance Capacity	0.34
2. <i>Raion</i> and Community Infrastructure	0.37
<b>Subtotal</b>	<b>0.71</b>
<b>E. Project Management</b>	<b>2.69</b>
<b>Total (A+B+C+D+E)</b>	<b>8.30</b>

Source: Asian Development Bank estimates.

13. Extensive training and workshops will be conducted and financed by the ADF IX grant. These include training for *raion* officials and communities in their responsibilities and rights regarding land security, the development of curricula, and training of teaching staff to support a more modern pasture land management program; demonstrations for more sustainable management of arable, pasture, and forest land; and extensive training and demonstrations for farmers and rural entrepreneurs.

14. Monitoring of project activities will be essential to ensure adequate progress and the achievement of the expected results. Specific surveys and monitoring will be made with respect to the responsibilities of *raion* officials, effective participation of communities in infrastructure development and training, effective delivery of agriculture and rural business advisory services, and overall project implementation.

## DETAILED COST ESTIMATES<sup>a</sup>

Table A5.1: Detailed Cost Estimates by Expenditure Category

Item	TJS			US\$			% of Total Base Cost
	Local Currency	Foreign Exchange	Total Cost	Local Currency	Foreign Exchange	Total Cost	
<b>A. Investment Costs</b>							
1. Consulting Services							
International Consultants	0	13.99	13.99	0	4.33	4.33	20
National Consultants	4.02	0	4.02	1.24	0	1.24	6
<b>Subtotal (1)</b>	<b>4.02</b>	<b>13.99</b>	<b>18.01</b>	<b>1.24</b>	<b>4.33</b>	<b>5.58</b>	<b>26</b>
2. Civil Works							
<i>Raion</i> Infrastructure Improvement	6.55	1.25	7.80	2.03	0.39	2.42	11
Community Infrastructure Improvement	8.38	1.60	9.98	2.60	0.49	3.09	14
<b>Subtotal (2)</b>	<b>14.93</b>	<b>2.85</b>	<b>17.78</b>	<b>4.62</b>	<b>0.88</b>	<b>5.51</b>	<b>25</b>
3. Project Staff							
PIU Staff	1.25	0	1.25	0.39	0	0.39	2
Advisors and Field Staff	1.33	0	1.33	0.41	0	0.41	2
Travel and Other Staff Costs	0.09	0	0.09	0.03	0	0.03	0
<b>Subtotal (3)</b>	<b>2.67</b>	<b>0</b>	<b>2.67</b>	<b>0.83</b>	<b>0</b>	<b>0.83</b>	<b>4</b>
4. Studies and Surveys							
Monitoring and Evaluation	0.86	0	0.86	0.27	0	0.27	1
Design and Supervision	1.13	0	1.13	0.35	0	0.35	2
Surveys	1.41	0	1.41	0.44	0	0.44	2
<b>Subtotal (4)</b>	<b>3.40</b>	<b>0</b>	<b>3.40</b>	<b>1.05</b>	<b>0</b>	<b>1.05</b>	<b>5</b>
5. Extension and Advisory Services							
Training and Advisory Services	5.04	0	5.04	1.56	0	1.56	7
Field Demonstrations	2.52	0	2.52	0.78	0	0.78	4
Training Materials	0.08	0	0.08	0.02	0	0.02	0
<b>Subtotal (5)</b>	<b>7.64</b>	<b>0</b>	<b>7.64</b>	<b>2.36</b>	<b>0</b>	<b>2.36</b>	<b>11</b>
6. Credit for Microfinance	12.92	0	12.92	4.00	0	4.00	18
7. Equipment and Materials							
Office Equipment	0.34	0.62	0.96	0.11	0.19	0.30	1
Project Materials	0.24	0.45	0.69	0.08	0.14	0.22	1
<b>Subtotal (6)</b>	<b>0.58</b>	<b>1.07</b>	<b>1.65</b>	<b>0.18</b>	<b>0.33</b>	<b>0.51</b>	<b>2</b>
8. Vehicles	0.34	0.50	0.84	0.10	0.16	0.26	1
9. Rural Business Equity	1.60	0	1.60	0.50	0	0.50	2
<b>Subtotal (A)</b>	<b>48.10</b>	<b>18.42</b>	<b>66.51</b>	<b>14.89</b>	<b>5.70</b>	<b>20.59</b>	<b>95</b>
<b>B. Recurrent Costs</b>							
1. Operation and Maintenance	1.72	1.97	3.69	0.53	0.61	1.14	5
2. Office Support	0.11	0.01	0.12	0.03	0	0.04	0
<b>Subtotal (B)</b>	<b>1.83</b>	<b>1.98</b>	<b>3.81</b>	<b>0.57</b>	<b>0.61</b>	<b>1.18</b>	<b>5</b>
<b>Total Base Cost</b>	<b>49.93</b>	<b>20.40</b>	<b>70.33</b>	<b>15.46</b>	<b>6.31</b>	<b>21.77</b>	<b>100</b>
<b>C. Contingencies</b>							
1. Physical	0.07	0.12	0.19	0.02	0.04	0.06	1
2. Price	7.31	2.65	9.97	0.80	0.29	1.10	5
<b>Subtotal (C)</b>	<b>57.31</b>	<b>23.18</b>	<b>80.49</b>	<b>16.29</b>	<b>6.64</b>	<b>22.93</b>	<b>105</b>
<b>D. Financing Charges During Implementation</b>							
1. Interest during Implementation	0	1.24	1.24	0	0.37	0.37	2
<b>Subtotal (D)</b>	<b>0</b>	<b>1.24</b>	<b>1.24</b>	<b>0</b>	<b>0.37</b>	<b>0.37</b>	<b>2</b>
<b>Total Project Cost (A+B+C+D)</b>	<b>57.31</b>	<b>24.41</b>	<b>81.73</b>	<b>16.29</b>	<b>7.01</b>	<b>23.30</b>	<b>107</b>

Table A5.2: Detailed Cost Estimate by Financier

Item	Government		ADB Loan		ADB Grant		GEF		Beneficiaries		Total	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
<b>A. Investment Costs</b>												
1. Consulting Services												
a. International Consultants	0	0	0	0	3.21	74.2	1.12	25.8	0	0	4.33	18.6
b. National Consultants	0.02	2.0	0	0	1.01	81.2	0.21	16.8	0	0	1.24	5.3
<b>Subtotal Consulting Services</b>	<b>0.02</b>	<b>0.4</b>	<b>0</b>	<b>0</b>	<b>4.23</b>	<b>75.8</b>	<b>1.33</b>	<b>23.7</b>	<b>0</b>	<b>0</b>	<b>5.58</b>	<b>23.9</b>
2. Civil Works												
a. <i>Raion</i> Infrastructure Improvement	0.39	16.0	1.81	75.1	0	0	0	0	0.21	8.9	2.42	10.4
b. Community Infrastructure Improvement	0.49	16.0	2.31	74.7	0	0	0	0	0.29	9.3	3.09	13.3
<b>Subtotal Civil Works</b>	<b>0.88</b>	<b>16.0</b>	<b>4.12</b>	<b>74.8</b>			<b>0</b>	<b>0</b>	<b>0.50</b>	<b>9.2</b>	<b>5.51</b>	<b>23.6</b>
3. Project Staff												
a. PIU Staff	0.31	79.0	0	0	0.07	17.7	0.01	3.2	0	0	0.39	1.7
b. Advisers and Field Staff	0	0	0	0	0.41	100.0	0	0	0	0	0.41	1.8
c. Travel and Other Staff Costs	0	0	0	0	0.02	70.4	0.01	29.6	0	0	0.03	0.1
<b>Subtotal Project Staff</b>	<b>0.31</b>	<b>37.0</b>	<b>0</b>	<b>0</b>	<b>0.50</b>	<b>60.5</b>	<b>0.02</b>	<b>2.5</b>	<b>0</b>	<b>0</b>	<b>0.83</b>	<b>3.6</b>
D. Studies and Surveys												
a. Monitoring and Evaluation	0	0	0	0	0.25	94.4	0.01	5.6	0	0	0.27	1.1
b. Design and Supervision	0	0	0	0	0.35	100.0	0	0	0	0	0.35	1.5
c. Surveys	0	0	0	0	0.28	63.8	0.16	36.2	0	0	0.44	1.9
<b>Subtotal Studies and Surveys</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.88</b>		<b>0.17</b>		<b>0</b>		<b>1.05</b>	<b>4.5</b>
E. Extension and Advisory Services												
a. Training and Advisory Services	0	0	0	0	0.84	53.9	0.72	46.1	0	0	1.56	6.7
b. Field Demonstrations	0	0	0	0	0.04	5.3	0.74	94.7	0	0	0.78	3.3
c. Training Materials	0	0	0	0	0.01	50.0	0.01	50.0	0	0	0.02	0.1
<b>Subtotal Extension and Advisory Services</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.89</b>		<b>1.47</b>		<b>0</b>		<b>2.36</b>	<b>10.1</b>
F. Credit for Microfinance <sup>a</sup>	0	0	4.00	100.0	0	0	0	0	0	0	4.00	17.2
G. Equipment and Materials												
a. Office Equipment	0.04	13.1	0	0	0.12	40.1	0.14	46.8	0	0	0.30	1.3
d. Project Materials	0.04	17.8	0	0	0.02	11.2	0.15	71.1	0	0	0.22	0.9
<b>Subtotal Equipment and Materials</b>	<b>0.08</b>	<b>15.2</b>	<b>0</b>	<b>0</b>	<b>0.14</b>	<b>27.4</b>	<b>0.29</b>	<b>57.5</b>	<b>0</b>	<b>0</b>	<b>0.51</b>	<b>2.2</b>
H. Vehicles	0.05	20.0	0	0	0.21	80.0	0	0	0	0	0.26	1.1
I. Rural Business Equity	0	0	0	0	0	0	0	0	0.50	100.0	0.50	2.1
<b>Total Investment Costs</b>	<b>1.34</b>	<b>6.7</b>	<b>8.12</b>	<b>39.0</b>	<b>6.85</b>	<b>33.3</b>	<b>3.28</b>	<b>16.1</b>	<b>1.00</b>	<b>4.9</b>	<b>20.59</b>	<b>88.4</b>
<b>B. Recurrent Costs</b>												
A. Operation and Maintenance	0.20	17.2	0	0	0.95	82.7	0.0	0.1	0	0	1.14	4.9
B. Office Support	0	2.7	0	0	0.04	93.5	0.0	3.8	0	0	0.04	0.2
<b>Total Recurrent Costs</b>	<b>0.20</b>	<b>16.7</b>	<b>0</b>	<b>0</b>	<b>0.98</b>	<b>83.1</b>	<b>0.0</b>	<b>0.2</b>	<b>0</b>	<b>0</b>	<b>1.18</b>	<b>5.1</b>
<b>Total Baseline Costs</b>	<b>1.54</b>	<b>7.1</b>	<b>8.12</b>	<b>37.3</b>	<b>7.83</b>	<b>36.0</b>	<b>3.28</b>	<b>15.1</b>	<b>1.00</b>	<b>4.6</b>	<b>21.77</b>	<b>93.5</b>
Contingencies (Physical and Price)	0.12	10.3	0.31	26.9	0.47	40.2	0.21	17.8	0.05	4.7	1.16	5.0
<b>TOTAL PROJECT COST</b>	<b>1.66</b>	<b>7.2</b>	<b>8.43</b>	<b>36.8</b>	<b>8.30</b>	<b>36.2</b>	<b>3.49</b>	<b>15.2</b>	<b>1.05</b>	<b>4.6</b>	<b>22.93</b>	<b>98.4</b>
Interest during Implementation	0	0	0.37	100.0	0	0	0	0	0	0	0.37	0
<b>Total Costs to be Financed</b>	<b>1.66</b>	<b>7.1</b>	<b>8.80</b>	<b>37.8</b>	<b>8.30</b>	<b>35.6</b>	<b>3.49</b>	<b>15.0</b>	<b>1.05</b>	<b>4.5</b>	<b>23.30</b>	<b>100.0</b>

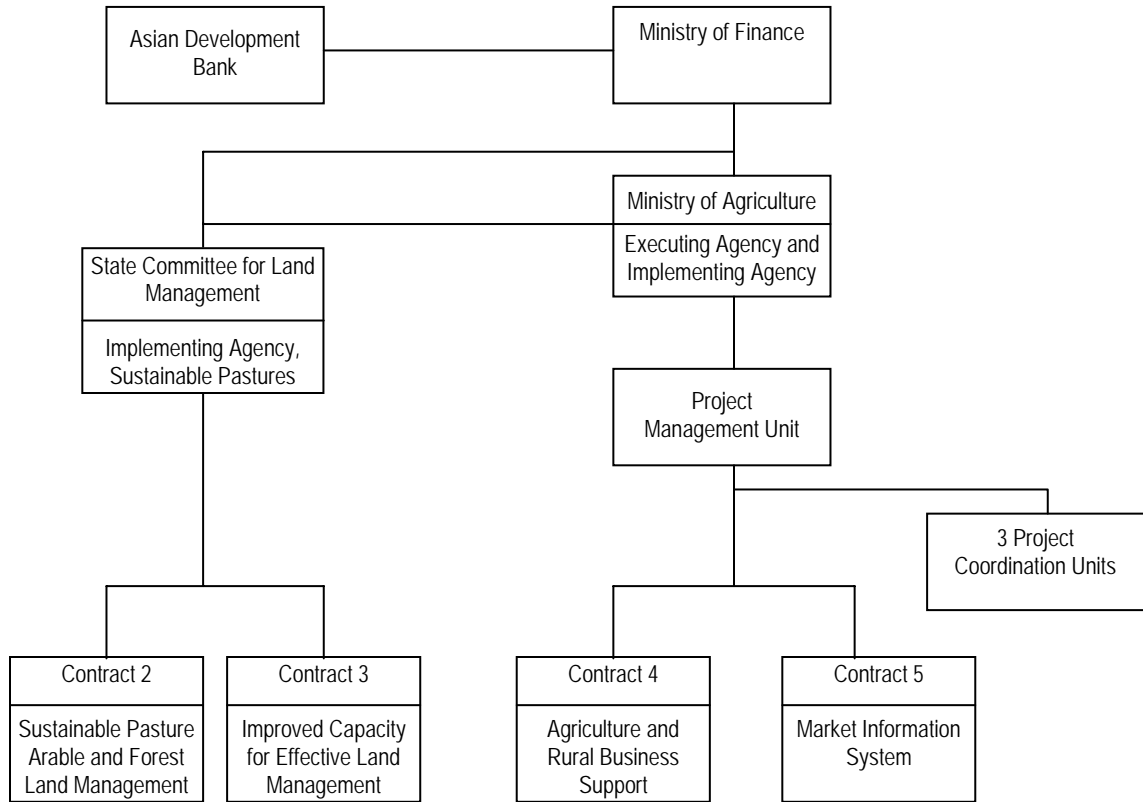
ADB = Asian Development Bank; GEF = Global Environment Facility; PIU = Project Implementation Unit; TJS = somoni

<sup>a</sup> Line of credit for microfinance institutions.

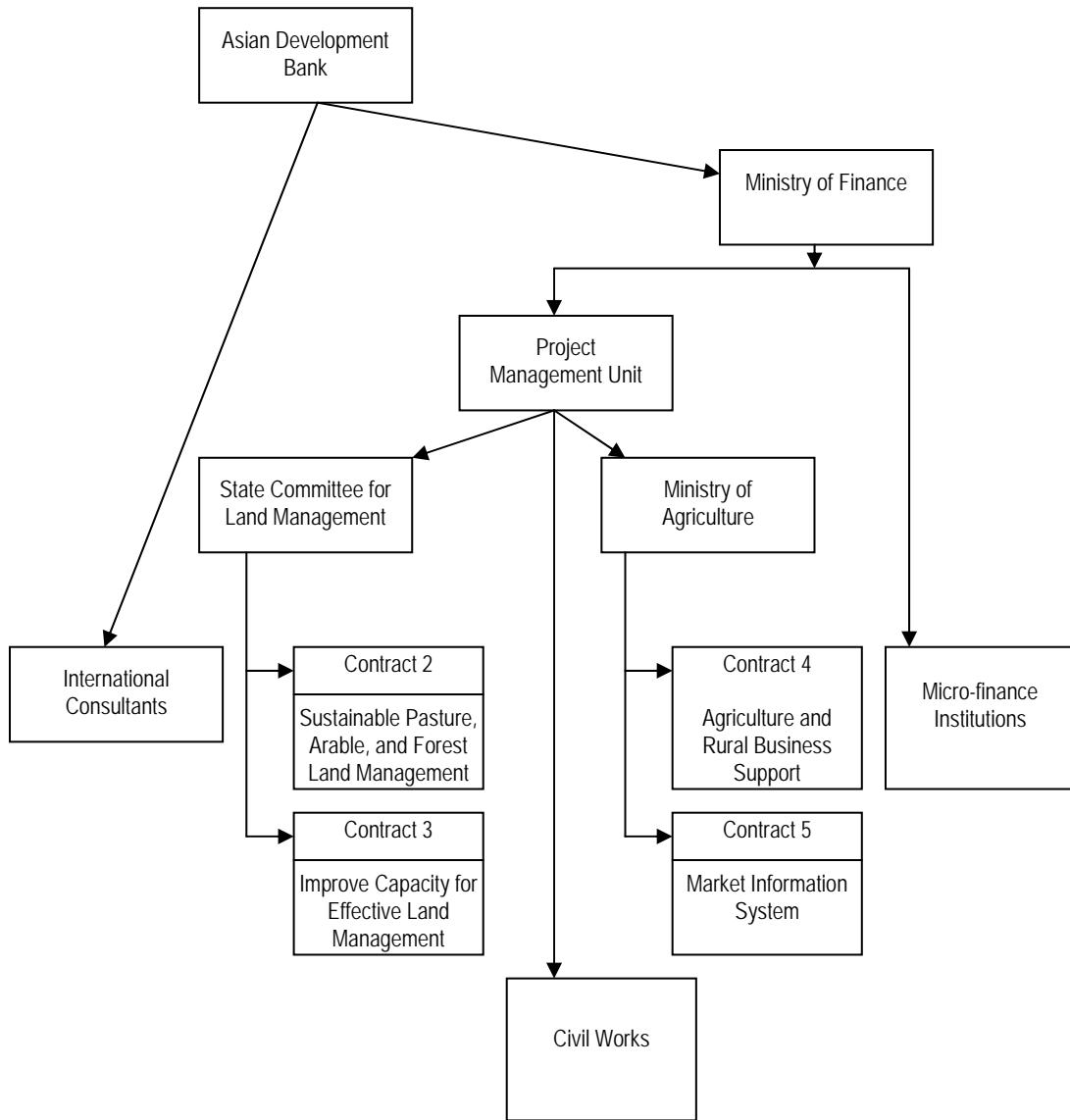
Source: Mission estimates.



### ORGANIZATIONAL CHART AND PROJECT MANAGEMENT ARRANGEMENTS



**PROPOSED FLOW OF FUNDS**





## PROCUREMENT PLAN

### A. Project Information

Country	Tajikistan
Name of Borrower	Republic of Tajikistan
Project Name	Rural Development Project
Loan Reference/Grant Reference	(to be assigned after approval)
Date of Effectiveness	(to be indicated after the loan becomes effective)
Amount in US\$	Loan: \$8.8 million; grant: \$8.3 million
Of which committed, US\$	Nil
Executing Agency	Ministry of Agriculture
Approval Date of Original Procurement Plan	(to be indicated later)
Approval of Most Recent Procurement Plan	Not yet applicable
Publication for Local Advertisements	(to be indicated later)
Period Covered by Plan	18 months from loan approval

### B. Procurement Thresholds, Goods and Related Services, Works and Supply and Installation

Procurement Method	To Be Used for Contract Valued at
International Competitive Bidding (ICB)	Over \$1.0 million
National Competitive Bidding (NCB), Goods and Services or ICB	Between \$0.5 and \$1.0 million
Shopping, Goods and Services	Not more than \$100,000

### C. Procurement Thresholds, Consultant Services

Procurement Method	To Be Used for Contract Valued at
Modified Quality- and Cost-Based Selection (M-QCBS)	Any amount
Quality-Based Selection (QBS)	Above \$750,000
Consultant's Qualification Selection (CQS)	Less than \$200,000
Fixed-Budget Selection (FBS)	\$100,000 or less

### D. List of Contract Packages in Excess of \$100,000, Goods, Works, and Consulting Services

Ref	Contract Description	Estimated Cost	Procurement Method	Expected Date of Advertisement	Prior Review Y/N	Comments
1	Consulting services for project implementation	\$1.4 million	ICB	To be posted in ADBBO after SRC (November 2006)	Y	QCBS method and full technical proposal will be used
2	Contract for the development of curricula and training of trainers for pasture management course to be established at an educational institution	\$880,000	ICB	July 2007	Y	Contract packaging will be finalized during implementation; QCBS will be used

Ref	Contract Description	Estimated Cost	Procurement Method	Expected Date of Advertisement	Prior Review Y/N	Comments
3	Consulting services for pasture land sector assessment	\$1.1 million	ICB	July 2007	Y	QBS and full technical proposal will be used because of the required technical expertise
4	Contract for the establishment and operation of agriculture and rural business advisory services	\$1.4 million	NCB	July 2007	Y	Contract packaging will be finalized during implementation; expected to be tendered to NGOs and domestic institutions; QCBS and full technical proposal will be used
5	Contract for the establishment and operation of a market information system	\$560,000	NCB	July 2007	Y	Contract packaging will be finalized during implementation; expected to be tendered to NGOs (including international NGOs registered in Tajikistan) and domestic institutions; QCBS and full technical proposal will be used
6	Small-scale <i>raion</i> and community civil works	< \$250,000	NCB	Variable during implementation	N	First five projects will be reviewed; thereafter post review will be conducted

ADBBO = Asian Development Bank Business Opportunities; ICB = international competitive bidding; NCB = national competitive bidding; NGO = nongovernment organization; OCR = ordinary capital resources; QCBS = quality- and cost-based selection

<sup>a</sup> Contract packages will be reviewed and finalized during implementation. This procurement plan will be revised when the contract packages have been finalized.

<sup>b</sup> General procurement notice, invitations to prequalify and to bid, and calls for expressions of interest.

Source: Asian Development Bank estimates.

## OUTLINE TERMS OF REFERENCE

### A. Introduction

1. The loan will be implemented through five contracts, for: (i) consulting services for the project management unit (PMU), (ii) a pasture land management sector study, (iii) improvement in capacity for effective land management, (iv) agricultural and business advisory services, and (v) establishment of a market information system.

### B. Contract 1: Project Management Unit

2. The PMU will be responsible for overall project coordination and for some outputs. Lack of local capacity, particularly in the Executing Agency (EA), means that a higher than normal level of international consulting inputs and national consultants in supporting roles will be required. The international inputs will comprise (i) the team leader/farm management specialist (26 person-months over 4 years), a monitoring and evaluation (M&E) specialist (7 person-months over 4 years), an environmental monitoring specialist (4 person-months over 3 years), a procurement and contracts specialist (4 person-months over 2 years), a social and gender development specialist (7 person-months over 3 years), and a financial management specialist (9 person-months over 2 years). The national consultants will comprise the deputy team leader, an accountant and an assistant accountant, *raion* coordinators, a social and gender development specialist, a community participation specialist, an environmental specialist, an M&E specialist, and an IT specialist, for 72 person-months each; and a legal specialist (42 person-months), a procurement specialist (66 person-months), and an internal auditor (21 person-months).

3. The international consultants will have the following Project-wide responsibilities: (i) supporting the project steering committee (PSC) in defining and tendering contracts, and selecting bidders; (ii) training national consultants and counterpart staff to enable them to assume control of the Project as soon as possible; (iii) establishing and implementing sound and auditable financial systems and controls; (iv) providing overall project coordination, including coordinating surveys such as the baseline survey which provide information of value to more than one project component; (v) setting up M&E procedures, and training national and counterpart staff in their use; (vi) setting up procurement systems, and ensuring that these are understood by all relevant partners; and (vii) providing initial supervision of the audit process. The project management unit (PMU) will ensure due diligence of microfinance institutions interested in becoming lenders under the microfinance contract, and compliance of funding requests for investments under the infrastructure component with all requirements.

4. National consultants will assist the international consultants, and take over responsibility for specific tasks as soon as practicable. In addition, they will provide: (i) ongoing oversight of progress in improving land-use rights;<sup>1</sup> (ii) ongoing maintenance of accounting systems according to specifications; (iii) advice and assistance to all contractors in the incorporation of participatory techniques and gender issues into project components; (iv) legal advice and guidance, in particular in relation to land tenure, business registration and development, and the implications of proposed policy and legislative changes; (v) coordination, design, enumeration

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<sup>1</sup> Satisfactory progress in safeguarding land use and freedom to farm will be a condition for the release of the second and third tranches for infrastructure rehabilitation/development, as will progress in improving the local enabling environment for business registration and development.

and analysis of all surveys specified in the project design; (vi) monitoring and evaluation of all aspects of the Project; and (vii) infrastructure prioritization, and design and supervision.

### C. Contract 2: Sustainable Pasture, Arable, and Forest Land Management

5. The contract will meet three project outputs: improvement of policies and institutions for pasture land (output 1.2); demonstration of skills in pasture land and livestock planning and management (output 2.1); and rehabilitation of degraded lands (output 2.3).

6. The first output (1.2) in this contract will provide a national sector assessment and road map for the sustainable land management of pastures and associated arable and non-timber forestry land. It will produce policies and a strategy for pasture land, and draft regulations and legislation. It will require 43 person-months of international and 108 person-months of national consulting services.<sup>2</sup> The work will be completed within a 12-month period, and will form the basis for subsequent and more detailed demonstrations of improvements, to be achieved under other project activities and to be delivered by the same team of consultants. The contract provides for (i) a high-level international conference on pasture management and land degradation (\$100,000), (ii) a geobotanic survey (\$75,000), (iii) a social survey focusing on pasture areas (\$75,000), (iv) the production of remote-sensing images (\$100,000), and (v) the supply of GIS software (\$50,000).

7. The second output (2.1) will build on the sector assessment in output 1.2, but within the project area. It provides for the demonstration of skills in pasture land and livestock planning and management. It will build on the implementation of the policies and improved practices identified as necessary, using demonstration sites where pasture user groups will be formed and trained. The training will cover farming systems, basic livestock and pasture husbandry, and issues such as winter feed and the restoration and management of trees and shrubs. The work will include follow-up geobotanic surveys in each project *raion*; midterm national and regional workshops, where experiences and results can be shared; a contribution toward revegetation costs; and progressive increases in the numbers of field trials and demonstration sites.

8. The consultants will be as follows: international (6 person-months) and national (54 person-months) rangeland management specialists, international (3 person-months) and national (54 person-months) pastureland rehabilitation specialists, an international biodiversity rangeland ecologist (3 person-months), a national livestock specialist (54 person-months), a national institutional and policy specialist (27 person-months), a national social specialist (27 person-months), and a national legal specialist (18 person-months). Consultants working on legal and social issues will also work on other outputs to be provided under this contract.

9. The final output of this contract (2.3) is the rehabilitation of degraded lands. The focus will be on degraded arable land, especially sloping land that has been converted from pasture to arable land.<sup>3</sup> The Project provides for the restocking of vegetation (\$100,000), remote-sensing imaging (\$50,000), national workshops to disseminate results more widely (\$30,000), and a study tour (\$10,000) as well as field days and demonstration sites.

<sup>2</sup> Consultants (international and national person-months in brackets) will be as follows: rangeland management specialist (10 and 12), institutional and policy specialist (4 and 12), biodiversity rangeland ecologist (4 and 12), natural resource economist (4 and 12), remote sensing specialist (4 and 12), livestock specialist (2.5 and 12), social specialist (4.5 and 12), land tenure specialist (4 and 12), and legal specialist (6 and 12).

<sup>3</sup> Local officials often insist on this, in exchange for granting land-use rights to farmers.

10. The consultants will comprise international (10 person-months over 4 years) and national (54 person-months) sustainable land management specialists, international (4 person-months over 2 years) and national (54 person-months) land degradation and soil erosion specialists, international (5 person-months over 4 years) and national (54 person-months) community forestry specialists, and the following national consultants: a crop agronomist (54 person-months), a water management specialist (54 person-months); a remote-sensing and GIS specialist (54 person-months), a social specialist (30 person-months), and an institutional and policy specialist (27 person-months). The national social specialist and the national institutional and policy specialist will also work on output 2.1.

#### **D. Contract 3: Improved Capacity for Effective Land Management**

11. This contract will address the need to develop capacity to deliver updated training and education in an existing education institution, to degree or diploma course level. Training will cover both introductory and advanced pasture land management. The Project will deliver full curricula and teaching aids, and provide co-teaching with national staff and the establishment of a training demonstration field station to be used in conjunction with the teaching. In addition, there will be a program of visiting lecturers. The improved curricula will be mainstreamed into the Tajikistan teaching program. There will be provision for Tajiks to attend appropriate international short courses (\$36,000) and to upgrade library resources (\$10,000).

12. The international consultants will be a pastureland education specialist (16 person-months over 3 years) and visiting lecturers (3 person-months). A national faculty course coordinator and a demonstration site coordinator will also be retained, both for 48 person-months over 4 years.

#### **E. Contract 4: Agriculture and Rural Business Support**

13. This contract will cover the delivery of advisory services to farmers and rural businesses in each of the project *raions*. Contract funding will have two elements—overall management and development of the support centers themselves, and the employment of specialist advisers to be based in the centers, providing the outreach services and demonstrations to farmers. Overall supervision of the development of the contract will come from the PMU. This responsibility will include monitoring performance and outcomes, using national and, where applicable, international specialists.

14. The supervisory and development consultants will comprise an international extension and business advisory specialist (11 person-months over 5 years), and three national consultants—an extension and business advisory specialist (60 person-months, during which this specialist will take over responsibility from the international specialist), a farm management specialist (60 person-months), and a small and medium enterprise development specialist (36 person-months). The consultants will train and supervise the outreach specialists, who will comprise, for each center, an agronomist, a livestock specialist, an engineer, a gender specialist, a business development planner, and a lawyer. Significant emphasis will be given to practical outreach and advice to farmers and rural businesses. Training, field days, and demonstration sites will form an important part of this outreach. The centers will also be available to disseminate market intelligence collected under contract 5 (below), provide advice on developments to *raion* officials, and act as a resource and referral center for individuals experiencing difficulties with land tenure.



## **F. Contract 5: Market Information System**

15. This contract will address the need for farmers and rural businesses to have access to up-to-date and accurate information on market prices; availability of good-quality agricultural inputs; potential markets for products; and, in the medium term, opportunities to establish new export markets or substitute local products for imported goods.

16. The contract will cover ongoing research on market prices and trends, and the dissemination of this information to farmers and interested parties by whatever media are considered most appropriate for the users—possibly including a Web site, local newspapers or radio, and mobile phone hotlines. At the start, the service will cover both local markets in the *raions*, and the Dushanbe market. If appropriate, the information database will be extended to include wider national and regional markets and networks of suppliers and agro-processing facilities.

17. The contract will cover international (4 person-months) and national (144 person-months) marketing and management information specialists, national market information officers (198 person-months, for the frequent updating of market information and the database), and one national IT specialist (72 person-months) for Web site development and updating, and the installation and management of all computer systems and the database.

## TECHNICAL ASSISTANCE

### A. Objectives and Scope

1. An advisory technical assistance (TA) for Capacity Development for Planning and Management in Local Government is being processed in conjunction with the Project. The TA will support the *raions* in developing appropriate approaches, systems, and procedures for planning and managing development in the *raions*.

2. *Raion* and *jamoat* officials are handicapped in developing strong local economies by their divided reporting lines to central ministries and *oblast* governments; a traditional top-down approach to planning that lacks clear prioritization or links to associated budgetary allocations; and a lack of reengineering of the *raion* and *jamoat* role and contribution to local development and service provision to reflect changes in the post-Soviet environment in which these institutions now operate. Work under the TA will be limited to those departments and activities that relate to rural economic development. Other services, such as health and education, will not be covered by the TA.

3. The TA will focus on: (i) approaches to planning and management appropriate to the institutional and resource capacity of the *raions*; (ii) coordination strategies and arrangements to optimize the effectiveness of development activities in each *raion* and in the area of the five *raions*, at the *jamoat*, community, and national levels; (iii) systems and procedures for planning, budgeting, and monitoring financial and implementation activities; (iv) increased capacity of *raions* to identify and prioritize needs and plan and implement local development activities; (v) increased community participation in defining local development priorities and actions; and (vi) improved performance management overall.

4. The TA will be broken down into two phases: Phase 1, the diagnostic phase; and Phase II, the development and implementation of improvements. Phase I will involve: (i) a review of the nature and scope of, and responsibilities for, planning, including consultation with relevant ministries in Dushanbe, *jamoats*, and the communities; (ii) an assessment of *raion* and *jamoat* roles, responsibilities, and resources available for carrying out these responsibilities; (iii) an assessment of the skill levels of staff, and their training needs; (iv) identification of the scope for increased community participation in planning; (v) a review of information systems used by *raion* and *jamoat* staff, and the scope for improvement; (vi) an assessment of priorities for assistance, based on desirable levels of performance and value-added contributions by local government institutions; (vii) an assessment of the scope for decentralization of responsibilities from central government ministries to *raions* or *jamoats*; (viii) identification of the costs of activities such as tax collection, and comparison of these costs with the revenues raised; (ix) recommendation of institutional restructuring needed to improve cost-effective service delivery; and (ix) conduct of workshops to reach agreement on the scope for improvement.

5. Phase II of the TA will: (i) develop and pilot a process for improved planning and resource allocation, including adequate measurement of community consultation performance; (ii) using these processes, assist local administrations in developing prioritized, integrated rural development plans that support farm and nonfarm activities and bring greater wealth to the communities involved; (iii) assist local administrations in developing an inventory of local infrastructure and deferred maintenance; (iv) develop and deliver training programs addressing key skill gaps of staff; and (v) design and implement low-cost management information and

performance appraisal reporting systems that can be implemented with the available technologies.<sup>1</sup>

## B. Consultants

6. The Asian Development Bank (ADB) will engage one international consultant as team leader and regional planner (12 person-months), and three national consultants (36 person-months each): an agricultural economist and regional planner, a financial management specialist, and a social development specialist.

7. The team leader will provide overall guidance to the national consultants in carrying out the activities proposed under Phases 1 and 2. In particular, he/she will lead the team in: (i) reviewing the current approach, systems, and procedures for planning, budgeting, implementing, and monitoring development activities in each *raion*; (ii) assessing the *raion* and *jamoat* roles, responsibilities, and resources available for carrying out their responsibilities; (iii) assessing the priorities for assistance, on the basis of desirable levels of performance and value-added contributions by local government institutions; (iv) assessing the scope for decentralization of responsibilities from central government ministries to *raions* or *jamoats*; (v) recommending any institutional restructuring required to improve cost-effective service delivery; (vi) developing and piloting a process for improved planning and resource allocation, including adequate measurement of community consultation performance; (vii) developing and delivering with the local consultants training programs addressing key skill gaps of staff; and (viii) designing and implementing low-cost management information and performance appraisal reporting systems that can be implemented with the available technologies.

8. The national consultants, under the guidance of the team leader in the broader activities of the TA, will undertake the following individual specific activities. The agricultural economist and regional planner will: (i) act as deputy team leader; (ii) assess the skill level of *raion* and *jamoat* staff and identify training needs; (iii) identify the costs of activities such as tax collection and compare these with the revenues raised; (iv) design and implement baseline surveys in each *raion*; (v) conduct workshops to reach agreement on the scope for improvement; (vi) assist with the training of staff; (vii) assist the staff in the preparation of a regional agriculture and rural development plan and investment program; and (viii) assist local administrations in developing an inventory of local infrastructure and deferred maintenance.

9. The financial management specialist will: (i) review the *raion's* financial system; (ii) set up an appropriate financial system, including procedures and formats, and prepare a manual on project management; and (iii) train *raion* staff.

10. The social development specialist will: (i) identify the scope for increased community participation in the planning processes; (ii) develop adequate measurement of community consultation performance; (iii) assist with the design and implementation of the baseline surveys in each *raion*; (iv) assist with the training of staff; and (v) develop appropriate monitoring systems and procedures to capture the social and gender aspects of agriculture and rural development.

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<sup>1</sup> Because of a shortage of computers and electricity supplies, simple manual systems may have to be used.

### C. Cost Estimates

11. The cost of the TA is estimated at \$750,000 equivalent. Of this amount, \$600,000 will be financed by ADB, on a grant basis from the ADB-funded TA funding program. The Government will finance \$150,000 equivalent in in-kind contributions (see table A11.1).

### D. Implementation Schedule and Reports

12. The Ministry of Agriculture will be the Executing Agency (EA) for the TA and will be supervised in carrying out its TA functions by the project steering committee. The TA will be implemented over 36 months starting as soon as possible after project loan and grant effectiveness.

13. An inception report will be produced within 2 months of the start of the TA, followed by a report summarizing the process and recommendations for improvement at the end of Phase I (after the first 6 months of the TA). A draft final report will be produced after 34 months, and a final report at the end of the study. Quarterly progress reports will also be provided. Key outputs will be development plans for each of the five *raions*.

**Table A11.1: Cost Estimates**  
(\$'000)

Item	Total Cost
A. Asian Development Bank Financing <sup>a</sup>	
1. Consultants	
a. Remuneration and Per Diem	
i. International Consultants	240.0
ii. Domestic Consultants	108.0
b. International Travel	15.9
c. Reports and Communication	43.8
2. Equipment <sup>b</sup> and Vehicle	34.1
3. Training, Seminars, and Conferences	57.5
4. Surveys <sup>c</sup>	40.0
5. Miscellaneous Administration and Support Costs <sup>d</sup>	21.0
6. Representatives for Contract Negotiations	6.0
7. Contingencies	33.7
<b>Subtotal (A)</b>	<b>600.0</b>
B. Government Financing	
1. Office Accommodation, Utilities, and Local Communications	35.0
2. Remuneration of Counterpart Staff Local Government and Communities	115.0
<b>Subtotal (B)</b>	<b>150.0</b>
<b>Total</b>	<b>750.0</b>

<sup>a</sup> Financed by the Asian Development Bank's technical assistance funding program.

<sup>b</sup> One vehicle and seven computers, software, printer and accessories, and six photocopiers.

<sup>c</sup> Socioeconomic surveys and data collection in five *raions*.

<sup>d</sup> Office supplies, translator/interpreter services, and secretarial services.

Source: Asian Development Bank estimates.

## SUMMARY POVERTY REDUCTION AND SOCIAL STRATEGY

<b>A. Linkages to the Country Poverty Analysis</b>	
<p>Is the sector identified as a national priority in country poverty analysis?</p> <p style="text-align: right;"><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p>	<p>Is the sector identified as a national priority in country poverty partnership agreement?<sup>1</sup></p> <p style="text-align: right;"><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p>
<p>The <i>Poverty Reduction Strategy Paper</i> (PRSP 2002) provides the Government's coordinated framework for addressing poverty in Tajikistan. Rural development plays a critical role in reducing poverty by generating a widespread increase in farm incomes and creating opportunities for growth in rural services and industry. To be successful, the poverty strategy for the sector should address three areas: (a) efficient use of, and access of the poor to, key resources, in particular land and water; (b) creation of a favorable framework for developing private activity in the sector; and (c) reform of the management system in the sector, including intervention in decision making by the private sector. In its (draft) <i>National Development Strategy</i> (2006), the Government, while reiterating the critical role of rural development, questions the efficiency of land reform, as producers (especially those involved in cotton) do not exercise full control over production, sales, and land rights in general; ownership of land in private farms remains collectivized, exacerbating ineffective land use; and most of the rural infrastructure (rural roads, irrigation systems) does not have proper owners and is not properly maintained. Deteriorating infrastructure further hinders agricultural production with direct impact on poverty reduction.</p> <p>The project area covers about 8,350 square kilometers with a rural population of 552,100 in five <i>raions</i>: Faizobod, Roghun, Rudaki, Vahdat, and Varzob. This area accounts for about 10% of the country's official gross development product (GDP), 77% of which originates in agriculture. Dependent largely on subsistence agriculture, the people have few business and employment opportunities. Many seek seasonal casual work opportunities abroad, mainly in Russia. Farmland and pastures are the main productive resources. The project area population relies on agriculture, miscellaneous petty trade, and foreign remittances for their livelihood.</p> <p>There is no official poverty line for Tajikistan, but income poverty is widespread and severe in the countryside, especially in the cotton-growing areas. According to the <i>Tajikistan Living Standards Survey</i>, which relies on the World Bank threshold of \$2.15/person/day, absolute poverty was 81% in 1999 and declined to 63% in 2003. Poverty is more prevalent in rural areas, where over 84% of all households in 1999 and 68% in 2003 were estimated to be living in relative poverty. In the five project <i>raions</i>, which are in the Regions of Republican Subordination (RRS), relative poverty rates are lower than in other predominantly rural regions. The relative poverty rate was 73% in 1999 and 55% in 2003, and is about 45% in 2006. Urban poverty rates are lower: the overall poverty rate for the Dushanbe region was 69% in 1999 and 49% in 2003, and is about 40% in 2006. These estimates are in sharp contrast to those provided by the five project <i>raions</i>, which show an overall relative poverty rate of 67%, varying from a high of 76% in Roghun (with the smallest percentage, at 46%, engaged in agricultural employment) to a low of 58% in Faizobod (with the largest percentage, at 82%, engaged in agricultural employment). Agro-ecological factors and distance from Dushanbe could partly explain these differences, but <i>raions</i> closer to Dushanbe (e.g., Vahdat, with a higher estimated GDP per capita of TJS460) are, according to local <i>raion</i> estimates, poorer (66% relative poverty rate). It should also be stressed that non-income-related aspects of poverty, especially those relating to health (reproductive health indicators have seen an increase in infant mortality rate), sanitation (access to potable water is problematic), and education (participation rates for girls in secondary education have fallen), have also affected the poor, with greatest impact on women and girls.</p>	
<p><b>B. Poverty Analysis</b> <span style="float: right;"><b>Targeting Classification: General Intervention</b></span></p>	
<p>Poverty statistics nationwide indicate that the incidence of poverty is decreasing and this is also indicated in the project preparatory technical assistance Socioeconomic Survey, although the findings of this survey demonstrate there are at least 20% of households living in absolute poverty and another 20% living in relative poverty (slightly less in total than the estimated 45% for the RRS region). During a series of participatory rural appraisals facilitated by the TA, poorer households generally prioritized agricultural-type interventions lower than those associated with improved access to water, non-agricultural-based income generation opportunities, access to affordable sources of credit, and a reduction in the cost of access to health services. In relation to agricultural-type interventions, the emphasis was on access to improved seed varieties and better knowledge of cropping techniques to increase productivity on household plots.</p> <p>In the project area, the poor and vulnerable are relatively easy to identify. The major indicators are lack of livestock, limited or no access to arable land apart from household plots either through use rights (land certificates) or ability to rent portions of land, poor diet (lack of meat on a regular basis and limited consumption of dairy products), inferior</p>	

<sup>1</sup> Tajikistan adopted its *Poverty Reduction Strategy Paper* (PRSP 2002), and is finalizing its PRSP Realization Report (2002–2006). It concluded a *Poverty Partnership Agreement* with ADB in December 2002.

housing, children's inability to complete secondary schooling, inability to finance male household members to work in other Commonwealth of Independent States (CIS) countries, households with fixed incomes (including the grossly inadequate pensions paid to older or invalid persons), and high dependency ratios (older people or younger children). Among the better-off households in the project *raions* are those who have been able to preserve their asset bases from pre-independence times and have resisted pressure from local *raion* authorities to make investment decisions on their behalf. Also among the better-off households are those such as the managers of cooperative *dekhan* farms who have been able to garner the assets of former collectives (i.e., land, buildings, or equipment) for their own use. Still other better-off households are those where at least one or two household members are working in other CIS countries and can regularly repatriate earnings, although much of these earnings are used for household-based consumption.

The causes of poverty were generally defined as lack of water for irrigation in the valley areas (and to some extent in upland areas such as in Varzob) and lack of drinking water everywhere (especially during winter and summer), lack of access to land whether it is household plots of private *dekhan* farms, and a lack of non-agricultural-based income generation opportunities. The very poor believe that if they had access to water to grow two household crops per year their food security would improve their livelihoods dramatically. Similarly, access to potable drinking water would reduce the incidence of waterborne diseases and ease the burden on women and girls, who are primarily responsible for managing domestic water resources. The opportunity to become an effective private *dekhan* farmer—defined as being independent to farm freely without interference from local *raion* authorities—also features prominently but is not considered as a realistic option by the poor. Poorer women are generally more interested in nonfarm income generation opportunities such as baking and weaving, skills that many currently possess but are unable to derive any income from. For the very poor then, off-farm or nonfarm income generation opportunities are valued over farm-based income generation activities.

The design of the Project addresses the major causes of poverty. Insecure or no access to arable land for the very poor is caused by the non-transparent and inequitable allocation of such land. The Project will include raising public awareness of land reform, accelerating the transition to individual farming, expediting the process of obtaining properly registered land certificates, limiting local government to a reduced but more transparent role in land reform, and supporting ongoing processes developed by other international donors. Pasture land tenure reform will provide the people with an opportunity to more effectively graze their livestock on pasture lands, resulting in significant improvements in their individual livestock.

Poorer households will also benefit from an improved rural business environment whereby they will have the opportunity to finance micro and small nonfarm business enterprises within a facilitation framework with a range of nonfarm rural business advisory services on a fee-for-service basis (including development of business plans) and market intelligence. Rural infrastructure improvements designed to rehabilitate small-scale public infrastructure (e.g., road or bridge access, irrigation and drainage systems, drinking water supplies, and electricity generation and distribution) will benefit all people, including those living in poverty, and the latter will also benefit from seasonal employment to make such improvements. The community infrastructure improvements will be demand-driven although within a broad context designed to improve the physical capital of the local community. Apart from being pro-poor, the design of the Project also reflects a pro-gender approach. Women will need to derive opportunities and benefits on an equal basis with men.

The livelihood improvements envisaged in the project *raions* will benefit about 30,000 poor households, of which about 15,000 are living in absolute poverty. Improved land tenure security will benefit about 7,000 households and generate a 30% increase in household income. Pasture land tenure reform will allow at least 2,000 households to graze at least 16,000 livestock (cattle, sheep, and goats) on better-managed pastures, resulting in better-quality livestock. About 10% of poor households will be able to access and benefit from agricultural and rural business advisory services, resulting in the establishment of small business enterprises and the creation of income generation opportunities for the poor. *Raion* infrastructure development will create local paid employment for poorer beneficiaries.

Indirect benefits will include increased opportunities and status for the poor, especially women and ethnic minority groups where relevant, because of diminished opportunities for local *raion* authorities to persist with anti-poor practices associated with unreasonable interference in the economic and social lives of the population, including the poor. It will also be possible to address intra-household gender inequities that disempower women, by allowing the enabling environment for women's priorities to be accorded the same level of priority as those of men (e.g., community infrastructure improvements).

### C. Participation Process

Is there a stakeholder analysis?  Yes  No

A series of participatory stakeholder consultations involving women and men and ethnic minority groups were facilitated in a range of *jamoats* reflecting the different agro-ecological and socioeconomic conditions of the five project *raions*. Local *jamoat* and *raion* officials were also consulted. Secondary stakeholders included civil society groups actively involved in the project *raions* and for whom the Project might seek to enter into a partnership with to effect synergies with existing programs or projects. These consultations also included international development partners undertaking their own projects in the project *raions*. With primary stakeholders at the village level, consultations focused on the

meaning of poverty (its causes and effects), realistic livelihood improvements, nonfarm income generation activities, political interference from local *raion* authorities, problems associated with labor migration to CIS countries, and activities of NGOs. With local *raion* authorities, the consultations related more to technical considerations such as the reliability of local data, problems associated with access to pasture land, assessment of NGOs, and their thoughts on revisiting land allocation.

**Is there a participation strategy?**  Yes  No

The Project's participation strategy will focus on ensuring the involvement of all project beneficiaries, including the poor, women, and other vulnerable groups (including ethnic minorities), in all phases of project design, implementation, and monitoring. Both participatory processes and local rural institutions that are socially inclusive (e.g., the *sozmoni mardumi*, or village organization) will be used to carry out these participatory approaches. The processes will include (i) participatory land allocation processes in local communities where this is deemed necessary; (ii) outreach strategies for the agriculture and rural business advisory services targeted at potential clients that are sufficiently pro-poor but also demand-driven; (iii) a participatory and community-based monitoring and evaluation mechanism and processes aimed at strengthening the pro-poor aspects of the Project; and (iv) stakeholder consultations involving local communities, *raion* authorities, relevant government agencies, independent research institutions, civil society groups, and the development community. This strategy is reflected in the participation plan that has been prepared.

#### **D. Gender and Development**

In the first few years of post-Soviet independence, large numbers of people were forced to become subsistence farmers or at least rural dwellers relying on their household plots to meet basic household food security needs. The civil war and the continuous seasonal male-out migration to other CIS countries contributed to women's increasing role and visibility in the agricultural sector. Not only do 27% more women than men work in the agriculture sector, but women also rely more for survival on produce from personal land plots (108 women for every 100 men). Women tend to provide seasonal unskilled and poorly paid labor during planting and harvesting. These women receive extremely low wages that are often not paid regularly or are made "in kind," putting further pressure on their livelihood. Women do not have access to higher-paid jobs that require the operation of machinery, as this is still considered to be the men's domain. Few women have formal training in the agriculture sector, but many have long experience working on collective farms (sometimes in positions of responsibility) or may be highly educated, with skills from previous nonagricultural employment. Despite the experience women have been gaining in recent years in this sector, they are commonly portrayed as unskilled agricultural workers or as contributing only unpaid family labor to household plots. In the project areas, critical issues affecting the status of women as identified by women include: (i) lack of access to cheap inputs for improving the productivity of their household plots; (ii) limited opportunities to secure access to private *dekhan* farms; (iii) disproportionate representation as members of largely nonperforming cooperative *dekhan* farms; (iv) pivotal role in food production because of the absence of adult males, who are working in CIS countries; (v) lack of access to livestock for the very poor; (vi) lack of access to off-farm income generation activities; (vii) lack of access to affordable sources of credit; and (viii) lack of free time compared with men, because of the need to juggle household activities with food production and other income generation activities.

During project preparation, a detailed social and gender analysis was carried out by the TA consultants. On the basis of the potential gender impact of the Project, a Project-specific gender action plan has been developed, through consultations at the central and *raion* level, to ensure the equal participation of male and female stakeholders as agents and beneficiaries in the proposed loan.

**Has an output been prepared?**  Yes  No

<b>E. Social Safeguards and other Social Risks</b>			
	<b>Significant/ Not Significant/ None</b>	<b>Strategy to Address Issues</b>	<b>Plan Required</b>
Resettlement	<input type="checkbox"/> Significant <input checked="" type="checkbox"/> Not significant <input type="checkbox"/> None	The investments of the type and size anticipated under the Project are not expected to have any significant land acquisition or resettlement impact. Given the possibility of minor land acquisition with respect to the construction or rehabilitation of community and <i>raion</i> infrastructure, and the likelihood of impact on productive assets, particularly agricultural land through irrigation rehabilitation, a resettlement framework or short resettlement plan is required. When subprojects are designed and impacts identified, a resettlement plan will be prepared according to the resettlement framework.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Affordability	<input checked="" type="checkbox"/> Significant <input type="checkbox"/> Not significant <input type="checkbox"/> None	Project interventions will not reduce the financial burden on farmers with respect to water user fees, but will help ensure that fees are used for their correct purpose and not to meet general budget shortfalls. Greater participation of farmers in operation and maintenance will reduce costs, and could provide some additional income for poor farmers.	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Labor	<input type="checkbox"/> Significant <input checked="" type="checkbox"/> Not significant <input type="checkbox"/> None	As a condition for the financing of <i>raion</i> infrastructure projects, raion authorities will be required to give preference to poor households for unskilled and semiskilled work in project implementation. Contract documents will be made up in compliance with the country's labor legislation (e.g., minimum wages, safe working conditions).	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Indigenous Peoples	<input type="checkbox"/> Significant <input checked="" type="checkbox"/> Not significant <input type="checkbox"/> None	Non-Tajik ethnic minority groups are present in the project area. The major ethnic minority is the ethnic Uzbek group. These populations do not face discrimination and are not considered vulnerable. Nevertheless, specific actions for ethnic minorities have been prepared to ensure that they benefit proportionally from the Project.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Other Risks/ Vulnerabilities	<input type="checkbox"/> Significant <input checked="" type="checkbox"/> Not significant <input type="checkbox"/> None	In the five project <i>raions</i> there is a strong possibility that <i>raion</i> authorities will actively interfere with all or most activities planned by the Project, whether this relates to the actual allocation of land, issuance of land certificates, business enterprise development, or community infrastructure development. The participation plan is designed to curb such practices. Safeguard policies and mitigation measures will be monitored as part of project performance monitoring to minimize risks.	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No

CIS = Commonwealth of Independent States; NGO = nongovernment organization; RRS = Regions of Republican Subordination



## RESETTLEMENT FRAMEWORK

### A. Background

1. The Rural Development Project will improve the living standards of rural communities in the project *raions* by improving land tenure security for individual households, carrying out a series of rural development initiatives associated with both farm and nonfarm business development, instituting more rational use of pasture lands, providing easier access to microcredit, and implementing small infrastructure improvements of a demand-driven nature. To achieve all this, the Project has four main components: (i) policy and institutional development and reform; (ii) sustainable land management (pasture, arable, and forest); (iii) agricultural and rural business support; (iv) rural infrastructure development; and (v) project management.

2. The rehabilitation and improvement of small-scale irrigation and drainage systems, rural water supply systems, and intra-*raion* roads in the Project will have potentially very limited involuntary resettlement impact. However, because all small-scale infrastructure improvements in the *raions* and the communities are fully demand-driven, safeguards must be provided for even limited involuntary resettlement impact via this resettlement framework.

3. All land in Tajikistan is state-owned and the Land Code states that land must be effectively used to the benefit of the people (article 2 of the Land Code). Land use is directed by the State through the local *raion* administrations, specifically the local offices of the State Committee for Land Management and *raion* administrative offices (*hukumat*), although an underlying objective of the Project is to ensure that land use (especially what is cultivated) is a decision of individual landholders rather than the State. Inheritance land-use rights are provided for in the Constitution (article 13) and the Land Code (article 12), but the process is still at a very early stage of implementation and does not provide women with rights and opportunities for inheritance or reimbursement of land share when getting married or divorced. The Land Code addresses potential compensation for people who legally occupy government land and are forced to relocate (article 15) but does not address compensation for people illegally occupying government land and forced to relocate, nor does it address compensation for people who have entered into “informal” renting or leasing arrangements with legally recognized land certificates.

4. A number of *raion* infrastructure projects that will benefit agriculture were identified for financing under the Project. These include minor rehabilitation of irrigation systems, and the rehabilitation of *jamoat-to-raion* roads. Community infrastructure projects that have been identified include water supply system (one of which is gravity-fed and transects several different local communities), a prototype veterinary clinic, and a typical vegetable market. Pre-feasibility studies have not been carried out on any of these proposed projects, and at this stage it is not possible to state with absolute certainty that there will not be any resettlement issues. However, no major resettlement issues are expected, although the minor rehabilitation works on irrigation systems could affect the people who now use the land within 5 meters of the irrigation canal (they are permitted to do so on the understanding that the land will revert to the irrigation system).

### B. Scope of Land Acquisition and Resettlement

5. The pre-identified infrastructure projects in the *raions* and communities do not involve land acquisition or resettlement. However, in the light of the land acquisition and resettlement practices of some *raion* authorities in the past, affected households must be given adequate compensation for loss of cultivated land or of housing as a result of the Project.

### C. Objectives, Policy Framework, and Entitlements

6. The Tajikistan Land Code (article 48) states that if land is taken from a physical and juridical or legal person for state and public needs, those persons will be apportioned the same value of land, and losses, including income, will be fully compensated. During the preparation of the Irrigation Rehabilitation Project technical assistance (TA) financed by the Asian Development Bank (ADB), the chief of the Department of International Relations at Tajikistan's State Committee for Land Management stated that the local *raion* authorities could compensate people who are forced to relocate, but only for loss of cultivated land (pasture land was not mentioned, but relocation is assumed not to take place outside the village) and not for the loss of housing or other built structures. The short resettlement plan prepared as part of that TA was the result of extensive discussions with local *raion* authorities to clarify this matter. Similarly under the TA for the Project, extensive discussions were undertaken with the local *raion* authorities in each of the five project *raions*. In the most unlikely event that households lose land or are forced to relocate, the households will receive full and complete compensation.

7. The ADB *Policy on Involuntary Resettlement* addresses "losses of land, resources, and means of livelihood or social support systems, which people suffer as a result of ADB projects." The Project is unlikely to cause any population displacement, but a few households, especially among those with no access to other sources of land (at present approximately 90% of households are in this category), might lose access to a portion of the land from which they derive a very important source of their livelihood. This is a global estimate, however, and obviously none of the infrastructure projects will affect this number of households. Nevertheless, the resettlement framework ensures that those whose lives and incomes may be affected will be assisted to ensure that they have at least the same (but ideally, better) level of material well-being after the Project as they did before it.

### D. Consultation and Grievance Redress Participation

8. Because affected people have not been identified, there have been no discussions with such people. However, the TA team held discussions with people who have been affected by the resettlement practices of local *raion* authorities in Varzob, with local people likely to be affected by attempts at resettlement by local *raion* authorities in Faizobod, and people who will be affected by hydropower dam construction in Rogun. The Project will need to learn from such lessons and avoid repeating any mistakes. Discussions were also held with local *raion* authorities in the five project *raions* and at the national level with the State Committee for Land Management and the Ministry of Agriculture in Dushanbe.

9. All parties to the discussions have agreed in principle to ensure the welfare of any potentially-affected households. Local *raion* authorities in the five project *raions* will address the appeals of any persons affected by *raion* infrastructure development projects. It has been agreed that affected persons may appoint a mediator or facilitator, who will be paid by local *raion* authorities, to mediate or facilitate on their behalf. Moreover, the project management unit (PMU) will have the services of a gender and social development specialist, who will ensure that any people who are affected are compensated according to the principles of this resettlement framework.

### E. Compensation, Relocation, and Income Restoration

10. There are three key elements related to compensation, relocation, and income restoration. First, local *raion* authorities have agreed to provide land of equal or better quality, in

compensation for their potential loss of livelihood. Second, local *raion* authorities have agreed that during the construction of infrastructure projects, affected people will be accorded priority in employment where possible. However, the local *raion* authorities are not in a position to offer future employment to affected people and argue that income restoration will need to be linked to the provision of land of equal or better quality. It is, of course, the stated preference of the five *raion* authorities to avoid loss of land.

11. The five *raion* authorities have stated that they do not wish to invest in infrastructure development projects leading to housing relocation. To this end, they have instructed or will instruct technical specialists to design projects in such a way that housing relocation will not be necessary. At the local community level, local communities will be informed that infrastructure development projects must not result in the loss of land or the relocation of houses unless individual households (and all adult household members) agree to the acquisition of a portion of their land or house, or the relocation of other built structures (e.g., hay barn or cattle shed). Where such loss of land or relocation of houses or other built structures occurs, the same principles in relation to compensation, relocation, and income restoration will need to apply.

#### **F. Institutional Framework**

12. Planning, implementation, inspection, and assessment for *raion* infrastructure development projects will be the joint responsibility of the local *raion* authorities and the PMU in consultation with *jamoat* and community-based groups. The PMU would also provide oversight of the implementation of the resettlement framework. Dissemination of information and any necessary public discussions with affected people would also be undertaken periodically to ensure proper implementation of the resettlement framework. Before local communities call for proposals for infrastructure development projects to be financed by the Project, information about this resettlement framework will be disseminated by the PMU. Resettlement plans will be prepared according to the resettlement framework.

#### **G. Resettlement Budget and Financing**

13. For households that lose access to land because of *raion* investments, local *raion* authorities need to ensure that replacement land will be provided and that households will receive land-use rights on this land. Households in a similar position as a result of community infrastructure investments will need to be provided with replacement land and receive land-use rights. Because local *raion* authorities are responsible for issuing land-use rights certificates, they will also need to be involved. There will be minor costs involved in monitoring and providing support for resettlement, and these costs, as well as any unforeseen costs, will be covered by the Project.

#### **H. Implementation Schedule**

14. Any detailed planning and implementation of resettlement would take place well before the start of civil works construction. According to the Project Implementation Schedule, activities associated with the first tranche for the improvements in *raion* and community infrastructure are scheduled to begin in 2007. Subject to project conditions being met, the second tranche will be released in 2009 and the third in 2011. Each cycle of infrastructure improvement projects is expected to take about 2 years.

## **I. Monitoring and Evaluation**

15. The PMU will implement a detailed monitoring and evaluation plan for the entire Project, including preparation, implementation, and flow-on effects. In relation to resettlement, the PMU will develop baseline data for monitoring indicators including: amount of land lost; amount of replacement land (of similar or better quality); number of jobs provided (temporary and replacement); compensation payments; and other assistance in moving, training, and household income (or agricultural income or output value) tracking. In support of these activities, affected persons will be invited to attend public meetings to discuss resettlement issues. The Executing Agency will submit quarterly progress reports to the ADB on the implementation of the resettlement framework and a resettlement completion report.

## **J. Conclusion**

16. The Project should avoid any investment activities that would require a resettlement plan. However, realistically it is impossible to preempt demand-driven infrastructure development projects, whether at the *raion* or at the local community level. Therefore, the resettlement framework has been designed to provide safeguards where demand-driven infrastructure development projects do result in some degree of resettlement, because affected people should not see a diminution in their living standards as a result of investments that are designed to benefit as many beneficiaries as possible in the Project.

## GENDER ACTION PLAN

<b>Gender-Relevant Activities</b>
<p><b>1. Policy and Institutional Development and Reform</b></p> <ul style="list-style-type: none"> <li>• Gender and development issues will be pursued through the inclusion of gender-related aspects in dialogue with the central Government and local <i>raion</i> authorities, stakeholder meetings, and other forums initiated during the Project.</li> <li>• All women with a land allocation will have land-use rights certificates.</li> <li>• Legal awareness programs for <i>raion</i> officials explicitly recognize women's greater exposure and vulnerability to the unequal and non-transparent allocation of land during land reform.</li> <li>• Up to 50% of beneficiaries will participate in legal literacy and aid initiatives aimed at strengthening the knowledge of local communities on Land Code–related rules, processes and institutions at the <i>raion</i> and <i>jamoat</i> level.</li> <li>• At least 15% of individuals identified for the survey of recent or current practices in land registration in the project area will be women.</li> </ul>
<p><b>2. Sustainable Land Management (Pasture, Arable, and Forest) Improvement</b></p> <ul style="list-style-type: none"> <li>• Pro-gender approaches will be introduced into policy development associated with pasture, arable, and forest land improvement and improvements in the rural business environment.</li> <li>• The gender and development approach will be incorporated into curricula on pasture land management.</li> <li>• Up to 50% of participants in training for farm-level planning and management of pasture land–based livestock production systems will be women.</li> </ul>
<p><b>3. Agriculture and Rural Business Support</b></p> <ul style="list-style-type: none"> <li>• Agricultural and rural business advisory centers will be staffed with a social development and gender specialist to ensure outreach to rural women.</li> <li>• The advisory centers will set a realistic annual target for outreach to women clients (<i>dekhan</i> farmers, households, and rural businesses) based on the situation in each <i>raion</i>.</li> <li>• The advisory centers will target business planning for farm and nonfarm enterprise development appropriate to women's interest and needs.</li> <li>• Participatory technology development methodologies will be gender-sensitive.</li> <li>• Up to 50% of formal and informal training-of-trainer programs will be participated in and facilitated by women.</li> <li>• Up to 50% of the certified holistic management practitioners will be women.</li> <li>• Field visits will be structured to accommodate the specific needs of women.</li> </ul>
<p><b>4. Rural Infrastructure Development</b></p> <ul style="list-style-type: none"> <li>• Up to 50% of participants in community-based groups and stakeholder consultations to identify local needs and prioritize possible investments will be women.</li> <li>• Information for all public consultations will be made available to women at convenient times and locations.</li> <li>• Female community facilitators will be employed to support public consultation and development of local maintenance units or user groups.</li> <li>• A 30% quota target will be adopted for women's membership and leadership in local maintenance units or user groups.</li> </ul>
<p><b>5. Project Management</b></p> <ul style="list-style-type: none"> <li>• A gender and social development specialist will be employed by the Project Management Unit.</li> <li>• The project monitoring system will include a feedback mechanism to provide project staff with gender-disaggregated data and assessments.</li> </ul>

Note: The indicators and targets will be reviewed following the completion of the baseline survey to be conducted within the first 6 months of the Project.

**ANNEX J:  
LETTERS OF ENDORSEMENT OF THE GEF FOCAL POINT  
AND UNCCD NATIONAL FOCAL POINT**

ҶУМҲУРИИ ТОҶИКИСТОН

КУМИТАИ ДАВЛАТИИ ҶИФЗИ  
МУҲИТИ ЗИСТ ВА ҲОҶАГИИ  
ҶАНГАЛ



REPUBLIC OF TAJIKISTAN

STATE COMMITTEE FOR  
ENVIRONMENTAL PROTECTION  
AND FORESTRY

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«06» 07/1 2006г.б  
№ 223/1

07 March 2006

**Mr. David McCauley**  
**Senior Environment Economist and**  
**GEF Facilitator**  
**Regional and Sustainable Development Department**  
**Asian Development Bank**  
**6 ADB Avenue,**  
**Mandaluyong City**  
**1550 Metro Manila**  
**PHILIPPINES**

Dear Mr. McCauley:

Re: Rural Development Project

We are pleased to endorse the Rural Development Project, which has been included as part of the Central Asian Countries Initiative for Land Management (CACILM) Multicountry Partnership Framework for funding from the GEF 3 replenishment.

This project has been identified as a high priority activity in the Tajikistan National Programming Framework (NPF) for Sustainable Land Management. The NPF was developed using PDF-B resources and we have actively participated in national and multicountry consultations relating to its design.

We will provide our full support both to this project and to the entire CACILM program through the mobilization of necessary resources for their implementation.

We look forward to further fruitful cooperation and collaboration with the Asian Development Bank and all other partners in the implementation of this project.

Sincerely yours,

A handwritten signature in blue ink, appearing to read 'A. Karimov'.

**A. Karimov**  
**GEF Operational Focal Point, Tajikistan**



STATE COMMITTEE FOR LAND MANAGEMENT

734067 г. Душанбе Гипроземгородок, 15, тел: 217321; 213848; 31-16-83, факс: 21-70-02; 311487, E-mail: komzem@tajnet.com

« 07 » 03 2006 с. № 1112-01-05

07 March 2006

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**Senior Environment Economist and**  
**GEF Facilitator**  
**Regional and Sustainable Development Department**  
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We look forward to further fruitful cooperation and collaboration with the Asian Development Bank and all other partners in the implementation of this project.

Sincerely yours,

A handwritten signature in black ink, appearing to read 'D. Gulmakhmadov', with a stylized flourish at the end.

**D. Gulmakhmadov**  
**UNCCD National Focal Point, Tajikistan**