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Report No: PAD1334

INTERNATIONAL DEVELOPMENT ASSOCIATION

PROJECT PAPER

ON A

PROPOSED ADDITIONAL IDA CREDIT

IN THE AMOUNT OF SDR 4.70 MILLION
(US\$ 6.60 MILLION EQUIVALENT)

AND

A PROPOSED ADDITIONAL IDA GRANT

IN THE AMOUNT OF SDR 3.90 MILLION
(US\$ 5.40 MILLION EQUIVALENT)

TO THE

REPUBLIC OF TAJIKISTAN

FOR A

ADDITIONAL FINANCING FOR THE TAJIKISTAN SECOND PUBLIC
EMPLOYEMENT FOR SUTAINABLE AGRICULTURE AND WATER RESOURCES
MANAGEMENT PROJECT

JUNE 3, 2015

Water Global Practice
Central Asia Country Unit
Europe and Central Asia

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CURRENCY EQUIVALENTS

(Exchange Rate Effective April 30, 2015)

Currency Unit = TJS
TJS 5.58 = US\$1
US\$ 1.406 = SDR 1
FISCAL YEAR
January 1 – December 31

ABBREVIATIONS AND ACRONYMS

AF	Additional Financing
ALRI	Agency for Land Reclamation and Irrigation
CPS	Country Partnership Strategy
DRS	The Districts of Republican Subordination
EIRR	Economic Internal Rate of Return
ENPV	Economic Net Present Value
EU	European Union
GAFFSP	Global Agriculture and Food Security Program
GBAO	Badakhshan Mountainous Autonomous Region
GDP	Gross Domestic Product
GoT	Government of Tajikistan
IDA	International Development Association
ISP	Implementation Support Plan
IWRM	Integrated Water Resource Management
M&E	Monitoring and Evaluation
MAWRM	Ministry of Amelioration and Water Resources
MEWR	Ministry of Energy and Water Resources
MLEM	Ministry of Labor, Employment and Migration
Mirob	Public agency responsible for water delivery and maintenance of off-farm irrigation and drainage infrastructure
NGO	Non-government Organization
PAMP	Public Employment for Sustainable Agriculture and Water Management Project
PAMP II	Second Public Employment for Sustainable Agriculture and Water Management Project
PDO	Project Development Objective
PMU	Project Management Unit
RBO	River Basin Organization
TJS	Tajik Somoni (national currency)
WBG	World Bank Group
WUA	Water User Association
WRIC	Water Resources Information Center
WIS	Water Information System

Vice President:	Laura Tuck
Country Director:	Saroj Kumar Jha
Country Manager:	Patricia Veevers-Carter
Practice Manager / Manager:	Dina Umali-Deininger
Task Team Leader(s):	Bobojon Yatimov

TAJKISTAN
SECOND PUBLIC EMPLOYMENT FOR SUSTAINABLE AGRICULTURE AND
WATER RESOURCES MANAGEMENT PROJECT

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ADDITIONAL FINANCING DATA SHEET

Tajikistan

Additional Financing for Tajikistan PAMP II (P154327)

EUROPE AND CENTRAL ASIA

GWADR

Basic Information – Parent									
Parent Project ID:	P133327	Original EA Category:		B - Partial Assessment					
Current Closing Date:	28-Feb-2018								
Basic Information – Additional Financing (AF)									
Project ID:	P154327	Additional Financing Type (from AUS):		Scale Up					
Regional Vice President:	Laura Tuck	Proposed EA Category:							
Country Director:	Saroj Kumar Jha	Expected Effectiveness Date:		01-Jul-2015					
Senior Global Practice Director:	Junaid Kamal Ahmad	Expected Closing Date:		28-Feb-2020					
Practice Manager/Manager:	Dina Umali-Deininger	Report No:		PAD1334					
Team Leader(s):	Bobojon Yatimov								
Borrower									
Organization Name	Contact	Title	Telephone	Email					
Republic of Tajikistan	Mr. Kholmurod Rahmon	Head of ALRI	+992 (37) 235-72-51 +992 (37) 236-04-47	mwr.tj@rumbler.ru					
Original Project - Tajikistan Second Public Employment for Sustainable Agriculture and Water Resources Management Project (P133327)									
Key Dates									
Project	Ln/Cr/TF	Status	Approval Date	Signing Date	Effectiveness Date	Original Closing Date	Revised Closing Date		
P133327	IDA-H8230	Effective	29-Nov-2012	05-Feb-2013	03-May-2013	28-Feb-2018	28-Feb-2018		
P133327	TF-13997	Effective	05-Feb-2013	05-Feb-2013	05-Feb-2013	28-Feb-2018	28-Feb-2018		
Disbursements									
Project	Ln/Cr/TF	Status	Curren cy	Original	Revised	Cancelled	Disbursed	Undisbursed	% Disbursed
P133327	IDA-H8230	Effective	USD	18.00	18.00	0.00	4.04	12.70	22.42
P133327	TF-13997	Effective	USD	27.90	27.90	0.00	6.72	21.18	24.09
Project Financing Data - AF for Tajikistan PAMP II (P154327)									
<input type="checkbox"/> Loan <input type="checkbox"/> Grant <input checked="" type="checkbox"/> IDA Grant									

[X] Credit [] Guarantee [] Other				
Total Project Cost:		12.00	Total Bank Financing: 12.00	
Financing Gap:		0.00		
Financing Source - Additional Financing (AF)				Amount
BORROWER/RECIPIENT				0.00
International Development Association (IDA)				12.00
Total:				12.00
Policy Waivers				
Does the project depart from the CAS in content or in other significant respects?				No
Explanation				
Does the project require any policy waiver(s)?				No
Explanation				
Team Composition				
Bank Staff				
Name	Role	Title	Specialization	Unit
Bobojon Yatimov	Task Team Leader	Senior Rural Development Specialist		GFADR
Jeren Kabayeva	Co-TTL	Rural Development Specialist		GFADR
Natalia Robalino	Counsel	Senior Counsel		LEGIA
Adam Shayne	Counsel	Lead Counsel		LEGLE
Jasna Mestnik	Disbursement Specialist	Finance Officer		WFALA
Angela Nyawira Khaminwa	Social and Safeguards Specialist	Senior Social Development Specialist		GSURR
Arcadii Capcelea	Environment and Safeguards Specialist	Senior Environmental Specialist		GENDR
Dilshod Karimova	Procurement Specialist	Procurement Specialist		GGODR
IJsbrand Harko de Jong	Team Member	Lead Water Resources Management Specialist		GWADR
Valencia M. Copeland	Team Member	Program Assistant		GFADR
Farzona Mukhitdinova	Team Member	Consultant	Operational Analyst	GFADR
Michael Sandoz	Team Member	Consultant	Irrigation Engineer	GFADR
Mark Svendsen	Team Member	Consultant	WRM Specialist	GFADR
Garry N. Christensen	Team Member	Consultant	Economist	GFADR

Murodali Safarov	Team Member	Consultant	Operations Specialist	GFADR	
Extended Team					
Name		Title		Location	
Locations					
Country	First Administrative Division	Location	Planned	Actual	Comments
Tajikistan	Viloyati Khatlon	Viloyati Khatlon	X		
Tajikistan	Regions of Republican Subordination	Regions of Republican Subordination	X		
Institutional Data					
Original Project - Tajikistan Second Public Employment for Sustainable Agriculture and Water Resources Management Project (P 133327)					
Practice Area (Lead)					
Water					
Contributing Practice Areas					
Cross Cutting Topics					
[X] Climate Change					
[] Fragile, Conflict & Violence					
[] Gender					
[X] Jobs					
[] Public Private Partnership					
Sectors / Climate Change					
Sector (Maximum 5 and total % must equal 100)					
Major Sector	Sector	%	Adaptation Co-benefits %	Mitigation Co-benefits %	
Agriculture, fishing, and forestry	Irrigation and drainage	90			
Public Administration, Law, and Justice	Public administration-Water, sanitation and flood protection	10			
Total:		100			
Themes					
Theme (Maximum 5 and total % must equal 100)					
Major theme	Theme			%	
Rural development	Rural services and infrastructure			46	
Rural development	Other rural development			19	
Social protection and risk management	Social Safety Nets/Social Assistance & Social Care Services			19	

Environment and natural resources management	Water resource management	8		
Rural development	Rural policies and institutions	8		
Total:		100		
Additional Financing – AF for Tajikistan PAMP II (P154327)				
Practice Area (Lead)				
Water				
Contributing Practice Areas				
Agriculture, Environment & Natural Resources, Jobs				
Cross Cutting Topics				
[X] Climate Change				
[] Fragile, Conflict & Violence				
[] Gender				
[X] Jobs				
[] Public Private Partnership				
Sectors / Climate Change				
Sector (Maximum 5 and total % must equal 100)				
Major Sector	Sector	%	Adaptation Co-benefits %	Mitigation Co-benefits %
Agriculture, fishing, and forestry	Irrigation and drainage	91	4	63
Public Administration, Law, and Justice	Public administration-Agriculture, fishing and forestry	3	0	100
Public Administration, Law, and Justice	Public administration-Other social services	6	100	0
Total:		100		
Themes				
Theme (Maximum 5 and total % must equal 100)				
Major theme	Theme	%		
Rural development	Rural services and infrastructure	75		
Rural development	Rural policies and institutions	19		
Social protection and risk management	Social Safety Nets/Social Assistance & Social Care Services	3		
Social protection and risk management	Improving labor markets	3		
Total:		100		
Consultants (Will be disclosed in the Monthly Operational Summary)				
Consultants Required? Consultants will be required				

I. Introduction

1. This Project Paper seeks the approval of the Executive Directors to provide an additional blend of credit and grant resources in an amount of US\$12.0 million to the Republic of Tajikistan for the Second Public Employment for Sustainable Agriculture and Water Resources Management Project (P133327, IDA H8230/TF13997).
2. The proposed additional funds would be used to scale-up the public works component of the project in support of government measures to create employment for low-income and food-insecure population, including migrant workers returning to Tajikistan. These activities would create an estimated 10,000 person days of temporary work through rehabilitation of 2,800 km of irrigation canals to improve irrigation on 70,000 hectares of irrigated land in six districts in Khatlon and the Districts of Republican Subordination (DRS).
3. A parallel restructuring of the project would be implemented to: (i) reflect the proposed additional activities, (ii) improve the alignment of project development objectives and project activities, and (iii) reformulate the project's relationship with its main government partners in response to a recent Government reorganization. Project design and implementation was originally based on a partnership with the Ministry of Amelioration and Water Resource Management (MAWR), which has now been replaced by a new Ministry of Energy and Water Resources (MEWR). The main operating arm of the former MAWRM has also been set up as an independent agency, the Agency for Land Reclamation and Irrigation (ALRI), which will be the project's implementing agency. A slightly different institutional agenda will also be addressed in line with this new structure, although the relevant project objectives remain the same.
4. There are no formal partnership arrangements with any multilateral or bilateral agencies foreseen under the proposed AF.

II. Background and Rationale for Additional Financing

5. The Second Public Employment for Sustainable Agriculture and Water Resources Management Project (PAMP II) was approved on November 29, 2012. The total project cost of US\$ 45.9 million is financed with an IDA grant of US\$ 18.0 million and a grant of US\$ 27.90 million from the Global Agriculture and Food Security Program (GAFSP). The project became effective on May 03, 2013 and is scheduled to close on February 28, 2018. PAMP II follows a similar, successful Public Employment for Sustainable Agriculture and Water Resources Management Project (PAMP) implemented by the World Bank during 2010-11, with European Union (EU) funding, which responded to the impact of the global financial crisis on rural poverty in Tajikistan.
6. The project development objectives for PAMP II are to: (i) provide employment to food-insecure people through the rehabilitation of irrigation and drainage infrastructure, (ii) increase crop production in response to improved irrigation and infrastructure, and (iii) support the development of improved policies and institutions for water resource management, as a means to improve food availability and food access for low-income people in poor rural areas supported by the project. Project implementation is based on the following three main components:

Part A: Public Works and Rehabilitation of Irrigation and Drainage Infrastructure. This component includes: a public works program to manually clean secondary and tertiary canals, associated mechanized cleaning of larger irrigation and drainage canals to ensure an adequate supply of irrigation water, and emergency works to restore a flood channel in the city of Kulob.

Part B: Assistance in water resources management, including technical assistance for policy and institutional reform. At the national level, activities include: support for the legislative reforms needed to introduce and implement IWRM, associated institutional reform, preparation of a national strategy for IWRM, and the establishment of a Water Resources Information Center (WRIC). As a further step towards the introduction of IWRM, the project will prepare a plan for piloting River Basin Management in the Kofarnihon River Basin. To ensure sustainable, post-project water resource management at the farm level, the project will establish and strengthen Water User Associations (WUAs) in the project areas.

Part C: Project Management. The current Fergana Valley Water Resources Management Project Management Unit (FVWRMP PMU) will be the main implementing agency. It will be responsible for: implementation and coordination, financial management and procurement, communication and awareness programs, environmental management and safeguards, and monitoring and evaluation.

7. There have been no changes to the project's development objectives or its structure since implementation began. Project performance was rated as "moderately satisfactory" for all parameters (except financial management – satisfactory) following the most recent supervision mission in January 2015. Current disbursements for both grants amount to US\$ 13.43 million (30%), in line with projections. The recent moderately satisfactory rating is due to delays in the contracting for public awareness and social mobilization activities, caused in part by the appointment of a new PMU Director in October 2014. These problems are now being resolved and the Bank Team expects that the project rating will be upgraded to "satisfactory" during the next supervision mission in May-June 2015.

8. The realization of project outcomes is on track, as shown by progress towards the main indicators (see Table 1 below). All of the major results indicators were met or exceeded for year 1 and good progress towards year 2 outcomes were observed as of January 2015. Employment under the public works program is a highly seasonal activity, which runs from November to May, and so had only just begun during the last supervision mission in January 2015. Despite this fact, more than 148,000 person-days of temporary employment have been generated by the public works program to date. For year 1, beneficiaries earned an average of 1,080 TJS per person after tax, equivalent to US\$ 220 per person. Some 48 WUAs have received support, versus a target of 46. Preparation of a national IWRM strategy will begin in 2015, as planned, and preparations for a pilot River Basin Management scheme is scheduled to start in 2016.

PROJECT RESULTS as of January 2015.

PDO level results indicators	Core	Unit of measure	Baseline	Cumulative target values		Achieved		Final targets	Comments
				YR 1	YR 2	YR 1	As of Jan. 2015	YR 5	
Indicator One: direct project beneficiaries, disaggregated by gender	X	# of beneficiaries - % women	Zero	221,000 -10	513,974 -10	296,453 -9.8	308,607 -10.2	772,000 - 10	Year 2 activities have only just begun due to the seasonal nature of project activities.
Indicator Two: person - days worked, disaggregated by gender, vulnerable group		# Of Person. Days - # women - # severe food insecure	Zero	120,000 - 18,000 - 24,000	318,960 - 47,844 - 63,792	139,787 - 27,957 - 8,704	148,850 - 29,770 - 9,904	880,000 - 132 000 - 176 000	Year 2 activities have only just begun due to the seasonal nature of project activities.
Indicator Three: increase in cereal, food and fodder crop yield on rehabilitated irrigated land		% Change	N/A	No	No	No	No	10	No results expected during the first and second years of project implementation.
Indicator Four: operational water user associations created and/or strengthened	X	Number - WUAs created - WUAs strengthened	Zero	17 0 7	46 5 41	23 9 14	48 39 9	95 20 75	PMU is currently working with 48 WUAs in 10 project districts. As of Jan 2015, 9 new WUAs have been established and are functional. Re-organization was completed for 19 WUAs.
Indicator Five: national IWRM strategy prepared and agreed with MAWRM		Yes/No	No	No	Work in progress	Work in progress	Work in progress	Yes	No results are expected during the first and second years of project implementation
Indicator Six: the Kofarnihon River Basin Plan prepared and agreed with the MAWRM		Yes/No	No	No	No	No	No	Kofarnihon River Basin Plan prepared and agreed with MAWRM	No results are expected during the first and second years of project implementation

9. The proposed AF responds to a request from the government of Tajikistan on January 17, 2015 for World Bank support to respond to the impact of the current downturn of the Russian economy on Tajikistan. Remittances, which are equivalent to 48% of GDP, are forecasted to fall by more than 31% in US\$ in 2015. Tajikistan must also respond to an increased demand for employment, due to the return of migrant workers and reduced opportunities for future migration caused by the lower incomes and more restrictive immigration requirements they now face in Russia. Preliminary estimates suggest that temporary and/or permanent employment opportunities will be needed for at least 200,000 additional people. The demonstrated capacity of PAMP and PAMP II to provide temporary employment opportunities for low income people from rural areas, makes this project an ideal vehicle for responding to this emergency – especially given that a high proportion of Tajikistan’s migrant workers come from rural areas¹. Equally importantly, the higher returns to crop production in response to the rehabilitation of irrigation infrastructure increase the incentives for these workers to remain permanently employed in agriculture, rather than continuing to migrate in search of employment.

10. PAMP II is an integral component of the FY 15-18 Country Partnership Strategy (CPS). By increasing the profitability of crop production and the incentives to engage in agriculture, PAMP II contributes to the CPS’ private sector development objective. A well-managed irrigation and drainage system creates more opportunities to produce higher value, fruit and vegetable crops – generating additional rural employment opportunities and reducing the reliance on migration as a coping strategy. It also responds to the CPS’ cross-cutting climate change agenda, by improving the efficiency of water use and water management, thus strengthening resilience to climate change. The CPS’s aim to increase citizen engagement as a means to improve the quality of public service delivery is advanced by PAMP II through its emphasis on building farmer managed Water User Associations (WUAs) as the basis for local delivery of irrigation services.

11. The AF would provide additional resources for Part A of the project and WUA development, without changing the overall structure or underlying objectives of PAMP II. In the short-term, the extended public works program would create temporary employment opportunities and offset the loss of remittances from migrant workers returning to rural areas. Further, medium-term benefits would derive from the higher returns to crop production from improved irrigation, increased employment opportunities in agriculture and lower consequent incentives for rural people to migrate in search of employment. Increased employment opportunities in agriculture could be especially beneficial for women who make up more than half of the work force in agriculture.² As rural areas account for approximately 77% of the poor in Tajikistan, and 70% of those in extreme poverty, both the AF and the parent PAMP II project contribute to the overarching goals of the WBG to reduce extreme poverty and improve shared prosperity. This is especially true in Khatlon, which is the largest locus of poverty in Tajikistan, with 1.34 million people below the poverty line - including 1.1 million in rural areas (World Bank, 2009, *op cit*).

12. The proposed AF provides an effective means to respond quickly to government’s request for support. The “shovel-ready” capacity of PAMP II to create additional 10,000 temporary jobs would significantly boost the government of Tajikistan’s capacity for public works programs, which currently provides around 5,000 temporary jobs. A re-allocation of US\$12 million within PAMP II

¹ World Bank: Republic of Tajikistan. Poverty Assessment. 2009

² Tajikistan Gender Diagnostics Note; August 2013, World Bank

was not considered appropriate. This would severely reduce the resources allocated for associated expenditures on mechanized cleaning, equipment renovation and institution building – all of which are essential to ensure post-project sustainability of the project’s activities.

Country and Sector Context

13. Tajikistan’s economy is vulnerable to the external economic shocks and is likely to be affected by a slowdown in the Russian economy. Falling oil prices and western sanctions have forced the Russian government to raise interest rates and cut public expenditure. The Russian ruble has also fallen sharply against the US\$. As more than 95% of Tajikistan’s migrant workers seek work in Russia, these changes will substantially reduce not only their employment opportunities but also the US\$ value of the remittances they send home. Current forecasts suggest that remittance income could fall by US\$ 1 billion in 2015. Tajikistan’s economic growth in 2015 is expected to slow as a result, falling below the estimated 6% GDP growth in 2014. Inflation will also rise due to the continued depreciation of the Tajik somoni, which will increase food prices.

14. The medium term impact of these external shocks may also be higher than in 2009. The costs of seasonal migration have increased in response to new regulations in Russia, including the requirement to pass a language test and a substantial increase in the patent fee required for employment, reducing the financial incentives to seek work in Russia³. For migrant workers charged with an offence in Russia, the ability to return has also become more difficult due to tighter re-entry controls by Russian officials. An estimated 276,000 Tajik migrant workers in Russia are now “blacklisted” as a result of these restrictions and are obliged to return to Tajikistan. These factors suggest not only that the volume and value of remittance income will fall, but also that unemployment in Tajikistan will rise in response to the return of migrant works and fewer departures to Russia. Preliminary forecasts suggest that at least 200,000 former migrant workers will be seeking work in Tajikistan. The combination of reduced remittances and higher unemployment is expected to increase poverty rates by at least 2%. Finally, it appears that the situation in Russia may persist for longer than during the global financial crisis, as current projections suggest a slower recovery in oil prices, with a slower consequent recovery of the Russian economy and weaker future demand for migrant labor in Russia compared to the situation in 2009.

15. The rural economy, to which many migrants may be returning, is dominated by agriculture which is a mainstay of both formal and informal sector employment for both men and women with the latter making up more than half the agricultural labor force.⁴ The gender specificity of agricultural work include low levels wage levels for both men and women with women susceptible to lower pay and less mobility.

16. In response to this situation the government has prepared an “Action Plan to Prevent Possible Risks of Adverse Impact on the National Economy”, which was approved as government Resolution No. 50 on February 5, 2015. Most of the measures in this Action Plan are broad-based,

³ As of January 1st, 2015 the patent cost to register for employment in Moscow will increase from 1,300.00 RR/month to 4,000.00 RR/month. Combined with the costs of language tests, other formalities and air transport the total cost of seeking employment in Russia could reach US\$1500/year.

⁴ Tajikistan Gender Diagnostics Note; August 2013, World Bank

medium-term responses to underlying structural constraints in the economy. Measures to scale up social assistance programs and increase employment are included, but most are subject to support from the international community. The Action Plan notes that there is limited fiscal space for government to fund additional social assistance and employment programs, due to an expected reduction of fiscal revenues in response to the economic situation, but states that current levels of expenditure on social assistance and employment programs will be preserved in the event that budget expenditures are cut.

17. The existing social assistance and employment programs are very limited, both in the number of people they support and the level of support they receive. The Ministry of Health and Social Protection provides two main social assistance programs for low-income households: an energy subsidy and cash transfer program for school children. Together, these two programs provide support for approximately 80,000 beneficiaries per year. Support levels are very low: 30-40 TJS/household per year for the energy subsidy and 40 TJS/child per year for the child education program - equivalent to 2.4% of household consumption among beneficiary households.⁵ There are no immediate plans to scale these programs up in response to the current economic situation, although the government of Tajikistan is working with the World Bank to build a more effective “Targeted Social Assistance Program.” This program, which now operates in 25 districts, is being gradually expanded to new districts as the capacity for program delivery is developed.

18. The Ministry of Labor, Employment and Migration (MLEM) also has limited resources for social assistance and employment generation. Only 2.5% of the working age population is registered as unemployed (55,000 people), in contrast to actual unemployment rates, which are estimated at 11%⁶ (there is a small gender gap of approximately 2 percent in favor of men.⁷). The State Agency for Labor and Employment operates a small public works program for registered unemployed, which provides short-term employment for approximately 5,000 people per year to maintain public infrastructure (cleaning streets, canals etc.). The cost of this program is shared between the Agency, local government and private employers who benefit from the work. Beneficiaries earn approximately 500 somoni per month for 3 months. Although this program will form part of the Ministry’s response to the current situation, there are no current plans to expand it. A more ambitious, broad-based response is envisaged, based on the creation of 250,000 new jobs for returning migrants and training programs to improve their skills and employability. Of this target, 60% will be temporary or seasonal jobs in agriculture and construction and 40% will be permanent jobs. Most of the state funded employment creation will be on state construction sites. The MLEM will also use its existing programs to support skills development among migrant workers as a means to improve their employability and suitability for long-term employment. At national level the MLEM plans to enforce existing labor codes more rigorously to ensure that Tajik nationals have priority for employment over migrant workers from other countries, and to improve the access of Tajik workers to other countries in need of migrant labor.

19. Given the government’s limited capacity to achieve these ambitious targets, and its consequent reliance on non-government support, donor involvement will be crucial. Two donor agencies are

⁵ Analysis of the Safety Nets in Tajikistan: Considerations for the Transition Towards Greater Consolidation and Stronger Poverty Focus. World Bank Group. October 2014.

⁶ International Labour Organization Database 2013

⁷ Tajikistan Gender Diagnostics Note; World Bank Group, August 2013.

currently considering support for this program, the World Bank through the creation of an estimated 10,000 temporary jobs under the PAMP II AF, and an Iranian Foundation supporting the creation of 9,000 jobs on civil works in GBAO. Although modest relative to the ambitious target for overall employment creation, these two initiatives target the two poorest regions of Tajikistan with activities that improve essential physical infrastructure.

Project Design and Delivery

20. The activities associated with the AF require no change to the design of the public works component of the project. The mechanisms developed during the last 5 years by PAMP and PAMP II for: beneficiary selection, monitoring and evaluation, and gender inclusion, fiduciary and environmental safeguards are now well tested; and the NGOs and PMU field staff have considerable experience with project implementation. As with PAMP II, the sustainability of AF funded activities would be assured by parallel investment in the mechanized cleaning of larger irrigation and drainage canals to ensure that upstream and downstream water flows are maintained, and through support for WUA development to ensure that farmers have the capacity to manage water delivery and the maintenance of irrigation and drainage infrastructure after project completion.

21. The AF would provide temporary employment for 10,000 people during 2015-2018 in six new districts. Each beneficiary would work for approximately one month and earn around 1,200 TJS per person, after tax. The seasonal nature of this work (November to May) occurs after the main harvest, and so does not restrict labor availability during peak periods of the farming season. By generating income during a period when cash income from farming is limited, it also facilitates the purchase of fertilizer and seed for the following season in addition to meeting expenses for food, health and education. As with PAMP II, farmers in these six districts would also benefit from improved access to irrigation and drainage and support for WUA development.

22. Similar to PAMP II, temporary employment opportunities will benefit both men and women but will be structured to accommodate cultural norms. Under PAMP, female participation in the public works (Part A) was low because the working conditions in some sites were ill-suited to women. Under PAMP II, measures were put in place to facilitate women's participation in public works program including identifying tasks that are deemed more acceptable for women (at the same pay rate as men) and segregating work crews. In addition, awareness raising activities have adopted measures to reach women to encourage female participation in the project. The AF includes gender disaggregated targets to track performance of this component.

23. The AF would finance the rehabilitation of irrigation and drainage infrastructure and provide support to Water User Associations in five districts in Khatlon (Shahrtuz, Qabodiyon, Vakhsh, Qumsangir and Dangara) and one district in the Region of Republican Subordination (Vahdat). These districts have been selected for AF support for the following reasons:

- a) None of the districts are covered by PAMP II, although four of the proposed Khatlon districts received some support under PAMP. Further support through the AF would facilitate a more balanced rehabilitation of the irrigation and drainage infrastructure in these four districts than was feasible under the shorter, emergency focus of the original PAMP.

- b) Three districts out of the six proposed under AF are located in the Kofarnihon river basin, which is the focus of PAMP II measures to introduce IWRM at the river basin level. In combination with the other three Kofarnihon basin districts already covered under PAMP II, this would create a well-functioning agricultural river basin, complete with WUAs, as the basis for implementation of the river-basin pilot sub-component of PAMP II.

24. The design of rehabilitation works to be completed under the AF was prepared by ALRI, together with village officials and WUA representatives (where available). They were asked to prioritize the works for rehabilitation according to their suitability for public works, but with due consideration to the need for associated investment in mechanized cleaning of larger irrigation and drainage canals and the rehabilitation of pumps and equipment. There is little point in manually cleaning secondary and tertiary canals if irrigation water does not flow to these canals and drainage is impeded. All of the prioritized works recommended by ALRI for manual cleaning have been included in the project design, with associated expenditures of US\$ 4.72 million, equivalent to 49% of the AF budget for Part A. Of the remaining expenditure (US\$ 5.00 million) under Part A, priority has been given to the mechanized cleaning of drainage canals. This is urgently needed to reduce water logging, high water tables and soil salinization in order to reduce crop damage, flooding and the risks of insect borne disease and poor sanitation in rural villages.

25. Project implementation in the districts selected for AF support will follow the same procedures used by PAMP II. Beneficiary selection will be based on screening criteria developed for PAMP II and will be implemented and monitored by the local NGOs employed by the PMU. All elements of the public works and rehabilitation will be implemented in close conjunction with WUA officials, village leaders and project NGOs. Particular attention will be given to the use of existing measures that facilitate women's participation in the public works.

26. Project implementation for the AF will be phased on the same basis as PAMP II, with first priority accorded to those districts with an adequate WUA base. This improves local input into and ownership of project activities and builds a stronger base for post-project sustainability. The three districts targeted for public works in 2015 (Qabodiyon, Vakhsh, Qumsangir) have a combined population of 453,500 people.⁸ The remaining three districts (Shahrtuz, Vahdat, Dangara - combined population 504,800 people)⁹ will receive support for WUA development in 2015, followed by public works programs in 2016. Total AF expenditure on WUA development would be US\$ 1.5 million. None of the AF would be used to support the introduction of IWRM as this is already covered under PAMP II.

27. Additional staff will be employed by the PMU and regional offices to ensure there is adequate capacity for the expanded scope of project implementation. At the PMU this will include 2 engineers, 1 rural development specialist and 1 M&E specialist. Additional staff at regional levels will include 2 engineers, 2 disbursement and 1 IT specialists for PCUs in Khatlon oblast and DRS. The additional budget cost for project management would be US\$ 0.78 million.

Project Restructuring

⁸ TajStat: "Regions of Tajikistan", 2014

⁹ TajStat: "Regions of Tajikistan", 2014

28. The proposed AF also provides an opportunity to undertake a restructuring of the parent project. Restructuring would include: (i) a reformulation of the PDO to align it more closely with project activities, (ii) a reformulation of the project's formal relationship with government following a recent major reorganization of the ministerial and institutional basis for water resource management, and associated change in the focus and activities of the relevant parts of Part B of the parent project, (iii) revision of the project indicators to reflect the AF and some refinement of the basis for measuring project indicators, and (iv) a moderate increase in the piece wage for the public works program. An extension of the parent project is also required, to allow adequate time to build the capacity of the new WUAs to be supported by the proposed AF.

29. *The revised project development objective would be as follows.* The project development objectives for PAMP II are to: (i) provide access to temporary employment to food-insecure people through the rehabilitation of irrigation and drainage infrastructure, (ii) increase yields of selected crops in response to improved irrigation and infrastructure, and (iii) strengthen the capacity of Tajikistan to introduce integrated water resource management. By improving food access and food availability these measures improve the food security of low-income households in the poor rural areas supported by the project.

30. *Revised Basis for Project Relationship with the government.* Under the original project design for PAMP II, the Ministry of Amelioration and Water Resources (MAWR) was the project's main counterpart in the government. Based on discussion with MAWR, it was also assumed that the institutional reforms associated with the introduction of integrated water resource management (IWRM) would be implemented under the aegis of MAWR and that river basin management would be the responsibility of new regional agencies to be known as Mirops. A different ministerial structure and approach to river basin management was subsequently adopted by the government in 2014. First, MAWR was replaced with a new Ministry of Energy and Water Resources (MEWR) to consolidate the critical links between energy and water resources in Tajikistan. The mandate of MEWR was also changed to emphasize the formulation of strategy and policies, and the operating arm of the former MAWR was reconstituted as an independent agency known as the Agency for Land Reclamation and Irrigation (ALRI). This agency, which has been given responsibility for the implementation of IWRM, has now assumed the role previously planned for Mirops. The switch from Mirops to ALRI was based on the government's preference to build on existing institutional structures rather than develop new ones.

31. Following discussion with the government, it has now been agreed that while project support will be provided to both MEWR and ALRI, ALRI will be the project's main counterpart in the government. All project references to the former MAWR and to Mirops should thus be replaced with MEWR and ALRI, as appropriate.

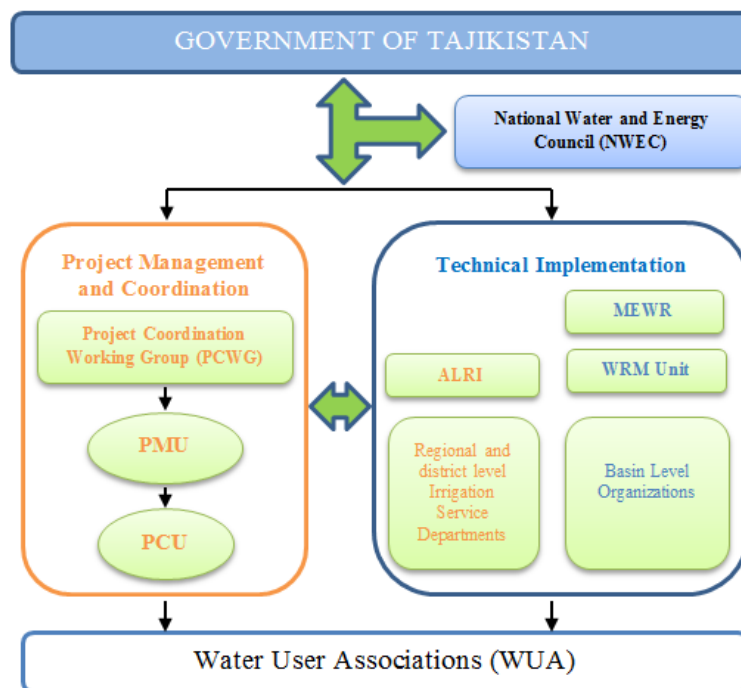
32. *Revisions to Part B.* The original description of Part B has been changed to reflect the revised PDO, with its focus on strengthening capacity, and the new institutional framework for project implementation. Where appropriate, description of the sources of funding has also been changed to reflect the proposed AF. The relevant revisions to Part B and revised schematic framework of proposed institutions are described below.

33. *Part B: Assistance in water resources management, including technical assistance for policy and institutional reform* (total Bank funding of USD 9.57 million, of which USD 4.04 million GAFSP funds, USD 4.03 million IDA funds and USD 1.5 million additional IDA finance).

34. *Part B (1): National level policy, legislative and institutional formulation* (GAFSP contribution of USD 8.07 million and IDA contribution USD 1.17 million USD). The project will assist the government to: (i) further develop the legal basis for integrated water resource management and water sector reform, (ii) prepare a national IWRM strategy to identify priorities for improving water resource management in Tajikistan, and (iii) establish a national Water Information System (WIS).

35. All references to MAWRM and Mirops in the relevant descriptions of Part B (1) in the PAD are replaced with MEWR and ALRI, respectively. The original task to support transformation of the MAWR into a Ministry of Water Resources has been dropped as government opted to establish the MEWR instead. The original proposal to establish a centralized Water Resource Information Center (WRIC) has also been replaced with the establishment of a more decentralized Water Information System (WIS) in response to the new institutional structure for water resource management, as described below.

Figure I. Revised schematic framework of proposed institutions and technical support to policy and institutional reform for water resources management:



36. Given the new structure of separate, specialized organizations responsible for different aspects of water resource and irrigation and drainage management, and recent advances in information management technology, a decentralized database is now considered a better option to the previous centralized proposal. Data will now be collected by various organizations, including all five River

Basin Organization (RBOs) for water resource data and ALRI for system water delivery data, as well as data from Hydromet, the Geology Department, the Committee on Environmental Protection, and other agencies and entered and stored within the collecting agency. External users would access all of these data through a single unified web-based portal or interface.

37. The project also generated additional resources from the Central Asia Energy and Water Development Program (CAEWDP), a multi donor trust fund, to support MEWR and ALRI in developing the structure and design of a consolidated water resources database as the basis for national water resources planning and programming.

38. *Part B (2): River Basin Planning* (GAFSP contribution of USD 0.54 million and IDA contribution USD 0.54 million). The project will assist the government to establish River Basin Management (RBM) in the Kofarnihon River basin. The description of activities remains the same, but the project will no longer establish Mirops.

39. *Part B (3). Develop and Strengthen Irrigation and Drainage Institutions* (GAFSP contribution of USD 2.33 million, IDA contribution USD 2.33 million and IDA AF contribution USD 1.5 million). This component was originally intended to assist the government to: (i) build independent, financially-autonomous irrigation and drainage service providers at the off-farm level; (ii) support the transformation of existing region and district level institutions into a new framework based on system-level hydraulic boundaries; and (iii) establish and strengthen the capacity of these institutions through provision of technical assistance, goods, works and training. These activities must now be modified in response to the new institutional structure.

40. Two approaches to irrigation and drainage system management were considered during the original project preparation. One involved the establishment of regional, financially-autonomous service providers, called “Mirops” to deliver water to WUAs for local distribution. The second alternative involved the creation of a new public agency to provide these services. The government initially expressed their preference for the first option, and the PAD was prepared accordingly. The new institutional structure is more aligned with the second approach, however, with ALRI now responsible for providing the main system irrigation and drainage services rather than Mirops. This has necessitated some changes to the activity descriptions for sub-component 3(c) of Part B, in addition to the changes associated with the proposed AF.

41. The section on Mirops in the original PAD will now be replaced with the one below describing support to ALRI. The subsequent section on WUAs has been amended to describe the additional activities to be funded under AF.

42. *Support to revitalize and strengthen ALRI as an irrigation and drainage service provider to WUAs.* Under the new institutional structure, ALRI’s responsibilities will be concentrated at the system level; WUAs will assume local level (“on-farm”) management responsibility and River Basin Organizations (RBOs) will take on water resource allocation and management functions at the basin level. The project will provide technical assistance to the government to help transform ALRI into a lean and responsive service provider. Specifically, it will assist government and ALRI to delineate hydraulic boundaries and establish system-based service organizations, conduct a functional analysis of all operational and administrative activities and recommend appropriate

revisions to existing organizational structures, integrate and reform financial management systems, review water use fees, orient and train ALRI field staff to work with WUAs, strengthen water measurement and analysis capacity and design a performance benchmarking system for the agency. ALRI managers and staff will also be trained to manage and administer the new approach to water resource management.

43. In the Kofarnihon Basin the project will also support the preparation of an inventory of irrigation and drainage systems in the basin to clarify ownership and responsibilities for system maintenance and operation. Inventory data will be stored in geo-referenced format and presented in GIS maps.

44. Support to Water User Associations. The original project extended support to the establishment of 20 new WUAs in the project area and capacity building for an additional 33 existing WUAs. It also planned to finance rehabilitation of the selected irrigation and drainage infrastructure in 42 new WUAs to be established by the USAID Family Farming Project (FFP). The AF will expand these activities to 6 new districts, establishing 10 new WUAs and strengthening 30 existing ones through advisory and training activities. It will also finance selective rehabilitation and office construction for WUAs that do not yet have them. WUA staff will be trained to cost, manage and supervise maintenance works and to enter into and monitor water service contracts with ALRI. For this purpose, sub-grants will be selected in accordance with the eligibility criteria and procedures set forth in the Project Operational Manual (POM); Sub-Grants will be made available to eligible WUAs for any given subproject under a Sub-Grant Agreement between the PMU and the respective eligible WUA under terms and conditions approved by the Association, including those set forth in the POM. The project will also train WUA and ALRI staff in the efficient management of irrigation and drainage systems, including water savings from technological innovations.

45. *An extension of PAMP II would be required as a result of the AF, from February 28, 2018 to February 28, 2020, to allow adequate time to build the capacity of the additional WUAs established under the AF. Experience with WUA development in Tajikistan shows that capacity building of community-based organizations is most effective when it is a gradual process, as civil society is not strongly developed. In line with this experience project support for WUA development is spread throughout all project life, at which point WUAs would have improved capacity to function independently and take greater responsibility for the maintenance and water service delivery activities supported by the project. To facilitate the closing of the GAFSP funding for the districts supported under the original project, a partial closing is proposed, with the activities supported with GAFSP funding to be completed by the original closing date (February 28, 2018) and all other activities to close in February 2020.*

46. *The piece rate paid for public works would be increased from 17.5 TJS/m³ of earth excavated manually to 20.0 TJS/m³ in response to expected increases in food prices. This increase would apply to public works in both the original PAMP II districts and the AF Districts, and would be initiated in November 2015. Budget analysis shows that this increase has minimal impact on the overall project budget, as it is covered by the depreciation of the US\$/TJS exchange rate since the project began in May 2012.*

47. *Project Indicators:* Various revisions of the project indicators are required. Some of these revisions are needed to align the original indicators more closely with the revised PDOs, to adjust project outcomes closer to the new CPF and to reflect the impact of the AF on project targets. Other revisions are required to improve the precision of some of the original project targets in response to the stronger data base that the project now has access to following completion of the baseline survey and strengthening of the project monitoring and evaluation system (M&E). The relevant changes are described in Annex 1.

Risk Assessment

48. The overall risk rating for the parent project was assessed as moderate, with substantial risk ratings attributed to stakeholders and the capacity of the implementing agency. Stakeholder risks were considered substantial due to the potential vested interests to impede reform, differing views among donors at the time of appraisal as to the approach to reform, and the risks of inclusion and omission associated with the public works program. During project preparation it was agreed that project implementation would be managed by the FVWRMP PMU, which had demonstrated its competence during the original PAMP. All other risks were assessed as moderate, except for social and environmental risks, which were assessed as low.

49. A moderate overall risk rating is also proposed for the additional financing, with substantial risk ratings for political, governance and macro-economic risks. All other risks are assessed as moderate, except for environmental and societal risks, which are assessed as low. The initial stakeholder risks have now moderated and the new PMU Director has demonstrated his capacity to manage project implementation. At the program level, the political context is relatively stable and unlikely to significantly affect achievement of the PDO. The government also has a clear set of development priorities, which are generally supported across the political spectrum and are consistent with the program.

50. The likelihood of political and governance factors potential impact on the PDO is due to: the low level of management capacity, especially at the local level; the sustainability of WUAs, which may affect the sustainability of project outcomes; and the limited recourse to anti-corruption and fiduciary regulations, which exist but are not fully enforced. There are also risks related to the fiduciary and operational aspects of managing and administering project activities in a weak fiduciary environment, and transparency and accountability are poor countrywide.

51. The project is responding to these risks with the following measures. First, local NGOs are actively involved in all farm and community-level activities to reduce reliance on local government and to help to build community capacity. Their involvement includes responsibility for community awareness programs, field-level monitoring and supervision of beneficiary selection and public works programs, WUA capacity building, and the implementation of grievance procedures established by the project to improve transparency and accountability and minimize corruption. Second, the project places considerable emphasis on measures to build the capacity of WUAs as the basis for sustainable, community level management of water delivery.

Safeguards

52. *Environmental Safeguards.* The proposed AF will not trigger additional safeguard policies. The AF remains under environmental category B, and the environmental procedures outlined in the existing Environmental Management Plans will remain applicable. The Recipient will design site specific EMPs for all new participating districts which, according to WB requirements, will be disclosed through public consultations. The existing EA capacities within the PMU and other involved parties are adequate and up to now the parent project environmental management performance is qualified as satisfactory. By rehabilitating irrigation canals and pumping stations, and purchasing and installing irrigation gates, the AF would further reduce water losses, water-logging and seepage losses from main canals. By reducing the over-supply of water to irrigated land, it would also reduce soil salinization. All of these measures will strengthen climate resilience and increase agricultural production in the project areas. The support provided to WUAs will further increase Tajikistan's ability to cope with the adverse impacts of climate change by improving the capacity for integrated water resource management.

53. *Social Safeguards.* There are no changes in the project design with regard to social safeguards. Hence, as with the parent project, OP 4.12 is not triggered. The Bank's climate change screening assessment was completed on March 12, 2015.

54. *Other Safeguards Policies Triggered.* The project triggers OP 7.50, Projects on International Waterways, because some of the proposed rehabilitation activities will be on irrigation and drainage infrastructure using water from international waterways or their catchment areas. However, following experience of the parent project, the AF will only support the rehabilitation of existing irrigation and drainage infrastructure including canals as well as pumping stations in the selected districts. It will finance improvements to the irrigation infrastructure that would reduce losses, improve water distribution, and reduce seepage losses from the main canal and over-supply of irrigation. None of them will adversely affect the quantity or quality of water flows to the other riparians of the Amu-Darya River. Consequently, an exception to the requirement to notify the other riparians was processed in line with paragraph 7(a) of OP 7.50. Approval of this exception was granted by the ECA Regional Vice President on May 15, 2015 (Management memorandum is available in Project Files).

55. *Gender.* The project design vis-à-vis gender inclusion will remain unchanged and are expected to foster the participation of women as direct beneficiaries of the project. Project design has been informed by analytical work undertaken, namely, the Tajikistan Gender Diagnostics Note, 2013. In addition, based on lessons learned from PAMP, specific actions to increase women's participation were incorporated into the project design. Emphasis will thus be placed on improved application of the current measures to facilitate women's participation in both public works and WUA membership.

56. *Citizen Engagement.* As NGOs' continue to play a critical role in project implementation, including social mobilization, information dissemination, beneficiary selection, surveillance and grievance management – no changes to their roles are envisioned. The project will, however, include a new indicator related to this work. Project-supported organizations will provide periodic reports on Grievance Recourse Management (GRM) and the way grievances were resolved, including grievance resolution rates.

57. *Grievance Redress Services.* Communities and individuals who believe that they are adversely affected by a World Bank (WB) supported project may submit complaints to existing project-level grievance redress mechanisms or the WB's Grievance Redress Service (GRS). The GRS ensures that complaints received are promptly reviewed in order to address project-related concerns. Project affected communities and individuals may submit their complaint to the WB's independent Inspection Panel which determines whether harm occurred, or could occur, as a result of WB non-compliance with its policies and procedures. Complaints may be submitted at any time after concerns have been brought directly to the World Bank's attention, and Bank Management has been given an opportunity to respond. For information on how to submit complaints to the World Bank's corporate Grievance Redress Service (GRS), please visit <http://www.worldbank.org/GRS>. For information on how to submit complaints to the World Bank Inspection Panel, please visit www.inspectionpanel.org.

Financial Management

58. The financial management responsibilities for the AF would remain with the FVWRM PMU. The PMU has prior experience in implementing Bank projects, including the original PAMP and PAMP II and has gained the required capacity in implementing donor funded projects. It is adequately staffed and appropriate controls and procedures have been instituted. The internal control system for project management by the PMU continues to be overall acceptable to the Bank. The PMU submits quarterly IFRs on time and they are satisfactory to the Bank. The PAMP II project audit report was submitted on time by June, 2014. The auditor, Ernst & Young LLP Kazakhstan, has issued an unmodified (clean) opinion on the project financial statements (PFS), and the audited financial statements are assessed as acceptable to the Bank.

59. The PMU Director approves all project expenditures and signs the payment orders along with the Chief Accountant. Financial management arrangements for the Project, including accounting and reporting arrangements, internal control procedures, planning and budgeting, external audits, funds flow, organization and staffing arrangements are assessed as satisfactory. To further strengthen PMU financial management, the PMU is currently upgrading its accounting software to improve data security, integrity and reliability and the ability to generate IFRs automatically. These measures are expected to improve the substantial risk rating for financial management originally assessed for PAMP II, to moderate.

60. Since the original project and AF will be implemented simultaneously, the PMU is expected to open separate designated accounts to enable easy recording and reconciliation of the financial transactions. The ceiling for the Designated Account and other disbursement details will be provided in the Disbursement Letter. Relevant sections of the PAMP II Operational Manual (OM) on financial management will be updated.

Procurement

61. The procurement arrangements remain the same as for the parent project, with procurement activities to be carried out by the existing PMU. The PMU will engage the services of the procurement consultant currently supporting PMU procurement staff. As he previously worked as a procurement specialist for the IsDB, he will receive further training in World Bank procedures.

Overall capacity for implementation of procurement under the AF is assessed as satisfactory. The main procurement risks identified during the assessment include: (i) potential procurement delays due to clearance of evaluation reports with the State Committee for Investments and Property Management (SCISPM); (ii) quality issues in rehabilitation of irrigation and drainage infrastructure; and (iii) perceived levels of corruption in the country. The following actions are planned to minimize these risks: (i) the PMU will monitor procurement progress against a detailed procurement plan; (ii) the procurement plan will be based on a timeline to finalize tenders, from bid document preparation to contract award agreed between the Bank and the SCISPM; (iii) hire 3rd Party QA/QC consultant(s) to ensure quality of civil works; conduct regular physical inspections by project engineers; and (iv) enforce public disclosure and transparency provisions of the Bank's Guidelines.

62. The PMU has prepared and discussed with the Bank team the initial Procurement Plan for AF project implementation. The plan will be agreed upon between the Recipient and the Bank team at negotiations, and will be published on the Bank's external website. Procurement for the proposed project will be carried out in accordance with World Bank procedures.

Economic Analysis

63. Economic analysis was based on the impact of the activities to be financed by the AF on overall project outcomes (parent project plus AF). Analysis was based on the economic and financial prices used for PAMP II and the same assumptions, to show the impact of the AF on project returns.

64. As with PAMP II, the revised project (including the AF) is expected to generate significant incremental benefits in terms of increased agricultural production in response to improved access to irrigation and improved drainage. Incremental benefits were calculated on the assumption of a 10% increase in crop yields in the targeted districts, for an area of 248,600 ha of improved irrigation. This generates an economic net present net value of (ENPV) of US\$ 27.2 million or US\$ 110/ha, and a benefit-cost ratio of 7.14 at a discount rate of 12% over 12 years. The associate internal rate of return (EIRR) was 27%. Farmers' benefit from higher annual gross margins from crop production, which increase by USD 153 per ha of improved irrigated land.

65. Sensitivity analysis shows that project benefits are robust against adverse changes to costs and returns. A 20% fall in yields reduces the EIRR to 20.2%, a 20% fall in prices reduces the EIRR to 19.5%, and a 20% fall in irrigated area reduces the EIRR to 20.9%. There is even less sensitivity to increased project costs and crop input prices. A 20% increase in project costs reduces the EIRR to 22% and 20% increase in crop input prices reduces the EIRR to 25%.

III. Proposed Changes

Summary of Proposed Changes

The proposed changes will include: (i) a reformulation of the PDO to align it more closely with project activities; (ii) a reformulation of the project's formal relationship with government following a recent major reorganization of the ministerial and institutional basis for water resource management; (iii) an associated change in the focus and activities of relevant parts of Part B of the parent project; (iv) revision of the project

indicators to reflect the AF and some refinement of the basis for measuring project indicators; and (v) a moderate increase in the piece rate for the public works program. An extension of the parent project is also required, to allow adequate time to build the capacity of the new WUAs to be supported by the proposed AF.

Change in Implementing Agency	Yes [<input type="checkbox"/>] No [<input checked="" type="checkbox"/>]
Change in Project's Development Objectives	Yes [<input checked="" type="checkbox"/>] No [<input type="checkbox"/>]
Change in Results Framework	Yes [<input checked="" type="checkbox"/>] No [<input type="checkbox"/>]
Change in Safeguard Policies Triggered	Yes [<input type="checkbox"/>] No [<input checked="" type="checkbox"/>]
Change of EA category	Yes [<input type="checkbox"/>] No [<input checked="" type="checkbox"/>]
Other Changes to Safeguards	Yes [<input type="checkbox"/>] No [<input checked="" type="checkbox"/>]
Change in Legal Covenants	Yes [<input type="checkbox"/>] No [<input checked="" type="checkbox"/>]
Change in Loan Closing Date(s)	Yes [<input checked="" type="checkbox"/>] No [<input type="checkbox"/>]
Cancellations Proposed	Yes [<input type="checkbox"/>] No [<input checked="" type="checkbox"/>]
Change in Disbursement Arrangements	Yes [<input checked="" type="checkbox"/>] No [<input type="checkbox"/>]
Reallocation between Disbursement Categories	Yes [<input type="checkbox"/>] No [<input checked="" type="checkbox"/>]
Change in Disbursement Estimates	Yes [<input checked="" type="checkbox"/>] No [<input type="checkbox"/>]
Change to Components and Cost	Yes [<input checked="" type="checkbox"/>] No [<input type="checkbox"/>]
Change in Institutional Arrangements	Yes [<input checked="" type="checkbox"/>] No [<input type="checkbox"/>]
Change in Financial Management	Yes [<input type="checkbox"/>] No [<input checked="" type="checkbox"/>]
Change in Procurement	Yes [<input type="checkbox"/>] No [<input checked="" type="checkbox"/>]
Change in Implementation Schedule	Yes [<input type="checkbox"/>] No [<input checked="" type="checkbox"/>]
Other Change(s)	Yes [<input type="checkbox"/>] No [<input checked="" type="checkbox"/>]
Development Objective/Results	
Project's Development Objectives	
Original PDO	
The project development objectives are to (i) provide employment to food insecure people through the rehabilitation of irrigation and drainage infrastructure, (ii) increase crop production in response to improved irrigation and drainage infrastructure, and (iii) support the development of improved policies and institutions for water resource management, as a means to improve food availability and food access for low-income people in poor rural areas supported by the project.	
Change in Project's Development Objectives	
Explanation:	
The PDO is proposed to change to align it more closely with project activities.	
Proposed New PDO - Additional Financing (AF)	

The project development objectives for PAMP II are to: (i) provide access to temporary employment to food-insecure people through the rehabilitation of irrigation and drainage infrastructure, (ii) increase yields of selected crops in response to improved irrigation and infrastructure, and (iii) strengthen the capacity of Tajikistan to introduce integrated water resource management. By improving food access and food availability these measures improve the food security of low-income people in the poor rural areas supported by the project.

Change in Results Framework

Explanation:

Various revisions are required to the project indicators. Some of these revisions are needed to align the original indicators more closely with the revised PDOs, to adjust project outcomes closer with the new CPF and to reflect the impact of the AF on project targets. Other revisions are required to improve the precision of some of the original project targets in response to the stronger data base that the project now has access to following completion of the baseline survey and strengthening of the project monitoring and evaluation system (M&E). The relevant changes are described in the updated Results Framework form.

Compliance

Covenants - Additional Financing PAMP II (P154327)

Source of Funds	Finance Agreement Reference	Description of Covenants	Date Due	Recurrent	Frequency	Action
				<input type="checkbox"/>		

Conditions

Source Of Fund	Name	Type
IDA		Effectiveness

Description of Condition

Name: Article 4.01

The execution and delivery of the Financing Agreement (Grant) on behalf of the Recipient has been duly authorized or ratified by all necessary governmental action and all conditions precedent to its effectiveness or to the right of the Recipient to make withdrawals under it (other than the effectiveness of this Agreement) have been fulfilled, all in a manner satisfactory to the Association.

Name: Article 4.01

Description of Condition

The GAFSP Agreement has been (a) amended and authorized or ratified by all governmental action; and (b) all conditions precedent to its effectiveness have been fulfilled, all in a manner satisfactory to the Association.

Name: Article 4.01

Description of Condition

The Recipient shall have signed the contract for updating the existing 1C accounting software for Project accounting, budgeting and reporting.

Name: Article 4.01

Description of Condition					
The Project Operational Manual has been updated and amended by the Recipient in a manner acceptable to the Association.					
Risk					
Risk Category				Rating (H, S, M, L)	
1. Political and Governance				Substantial	
2. Macroeconomic				Substantial	
3. Sector Strategies and Policies				Moderate	
4. Technical Design of Project or Program				Moderate	
5. Institutional Capacity for Implementation and Sustainability				Moderate	
6. Fiduciary				Moderate	
7. Environment and Social				Low	
8. Stakeholders				Moderate	
9. Other					
OVERALL				Moderate	
Finance					
Loan Closing Date - Additional Financing PAMP II (P154327)					
Source of Funds			Proposed Additional Financing Loan Closing Date		
IDA recommitted as a Credit			28-Feb-2020		
Loan Closing Date(s) - Parent (TAJIKISTAN SECOND PUBLIC EMPLOYMENT FOR SUSTAINABLE AGRICULTURE AND WATER RESOURCES MANAGEMENT PROJECT - P133327)					
Explanation:					
A two-year extension of the parent project is required to allow adequate time to build the capacity of the new WUAs to be supported by the proposed AF					
Ln/Cr/TF	Status	Original Closing Date	Current Closing Date	Proposed Closing Date	Previous Closing Date(s)
IDA-H8230	Effective	28-Feb-2018	28-Feb-2018	28-Feb-2020	28-Feb-2018
TF-13997	Effective	28-Feb-2018	28-Feb-2018	28-Feb-2020	
Change in Disbursement Arrangements					
Explanation:					
The project disbursement schedule will be revised to reflect disbursement of AF funds.					
Change in Disbursement Estimates (including all sources of Financing)					
Explanation:					

The project disbursement schedule will be revised to reflect disbursement of AF funds.										
Expected Disbursements (in USD Million)(including all Sources of Financing)										
Fiscal Year	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Annual	2.40	6.25	11.65	14.55	12.25	7.00	3.00	0.80	0.00	0.00
Cumulative	2.40	8.65	20.30	34.85	47.10	54.10	57.10	57.90	0.00	0.00
Allocations - Additional Financing PAMP II (P154327)										
Source of Fund	Currency	Category of Expenditure	Allocation		Disbursement % (Type Total)					
			Proposed		Proposed					
IDA	XDR	Goods, works, non-consulting services, consultants' services, Training and Incremental Operating Costs under the Project	8.60		100.00					
		Total:	8.60							
Components										
Change to Components and Cost										
Explanation:										
There are no changes to the project components, but the component costs will change due to the AF.										
Current Component Name	Proposed Component Name	Current Cost (US\$M)	Proposed Cost (US\$M)	Action						
Public Works and Rehabilitation of Irrigation and Drainage Infrastructure	Public Works and Rehabilitation of Irrigation and Drainage Infrastructure	35.82	45.54	Revised						
Assistance in Water Resources Management, Including Technical Assistance for Policy and Institutional Reform	Assistance in Water Resources Management, Including Technical Assistance for Policy and Institutional Reform	8.07	9.57	Revised						
Project Management	Project Management	2.01	2.79	Revised						
	Total:	45.90	57.90							
Other Change(s)										
Implementing Agency Name	Type	Action								
FVWRMP PMU	Implementing Agency	No Change								
Change in Institutional Arrangements										
Explanation:										
Revised Basis for Project Relationship with the Government. Under the original project design for PAMP II, the Ministry of Amelioration and Water Resources (MAWR) was the project's main counterpart in government. Based on discussion with the MAWR it was also assumed that the institutional reforms										

associated with the introduction of integrated water resource management (IWRM) would be implemented under the aegis of the MAWR; and that river basin management would be the responsibility of new regional agencies to be known as Mirobs. A different ministerial structure and approach to river basin management was subsequently adopted by government in 2014. First, the MAWR was replaced with a new super Ministry of Energy and Water Resources (MEWR) to reflect the critical links between energy and water resources in Tajikistan, with energy and water resources operating under different Deputy Ministers. The mandate of the MEWR was also changed to emphasize the formulation of strategy and policies; and the operating arm of the former MAWR was reconstituted as an independent agency known as the Agency for Land Reclamation and Irrigation (ALRI). This agency, which has been given responsibility for the implementation of IWRM under the new ministerial structure, has now assumed the role previously planned for Mirobs. The switch from Mirobs to ALRI was based on government's preference to build on existing institutional structures rather than develop new ones.

Following discussion with government, it has now been agreed that while project support will be provided to both MEWR and ALRI, ALRI will be the project's main counterpart in government. All project references to the former MAWR and to Mirobs should thus be replaced with MEWR and ALRI, as appropriate.

Appraisal Summary

Economic and Financial Analysis

Explanation:

As with PAMP II, the revised project (including the AF) is expected to generate significant incremental benefits in terms of increased agricultural production in response to improved access to irrigation and improved drainage. Incremental benefits were calculated on the assumption of a 10% increase in crop yields in the targeted districts, for an area of 248,600 ha of improved irrigation. This generates an economic net present net value of (ENPV) of \$US 27.2 million or USD 110/ha, and a benefit-cost ratio of 7.14 at a discount rate of 12% over 12 years. The associated internal rate of return (EIRR) was 27%. Farmers' benefit from higher annual gross margins from crop production, which increase by USD 153 per ha of improved irrigated land.

Sensitivity analysis shows that project benefits are robust against adverse changes to costs and returns. A 20% fall in yields reduces the EIRR to 20.2%, a 20% fall in prices reduces the EIRR to 19.5%, and a 20% fall in irrigated area reduces the EIRR to 20.9%. There is even less sensitivity to increased project costs and crop input prices. A 20% increase in project costs reduces the EIRR to 22% and 20% increase in crop input prices reduces the EIRR to 25%.

Technical Analysis

Explanation:

No changes are expected to the parent project's technical requirements.

Social Analysis

Explanation:

No changes are expected to the parent project's social analysis framework. The AF will maintain the parent project's emphasis on citizen engagement and gender inclusion.

Environmental Analysis

Explanation:

No changes are expected to the parent project’s environmental management framework. The AF will maintain the parent project’s emphasis on strengthening resilience to climate change.

Risk

Explanation:

A moderate overall risk rating is proposed for the revised project, with substantial risk ratings for political and governance risks, and macro-economic risks. All other risks are assessed as moderate, except for environmental and societal risks, which are assessed as low. The substantial likelihood that political and governance factors could impact achievement of the PDO are due to: the low level of management capacity , especially at local level; the sustainability of WUAs, which may affect the sustainability of project outcomes; and the limited recourse to anti-corruption and fiduciary regulations, which exist but are not fully enforced.

The project is responding to the political and governance risks with the following measures. First, local NGOs are actively involved in all farm and community-level activities to reduce reliance on local government and help build community capacity. Their involvement includes responsibility for community awareness programs, field-level monitoring and supervision of beneficiary selection and public works programs, WUA capacity building, and the implementation of grievance procedures established by the project to improve transparency and accountability and minimize corruption. Second, the project places considerable emphasis on measures to build the capacity of WUAs as the basis for sustainable, community level management of water delivery. Third, although highly experienced, the PMU continues to strengthen its procurement activities through training, strict adherence to project guidelines and good oversight of project activities.

Annex 1: Results Framework and Monitoring

Project Name:	Additional Financing for Tajikistan PAMP II (P154327)	Project Stage:	Additional Financing	Status:	DRAFT
Team Leader(s):	Bobojon Yatimov	Requesting Unit:	ECCU8	Created by:	Jeren Kabayeva on 26-Jan-2015
Product Line:	IBRD/IDA	Responsible Unit:	GWADR	Modified by:	Bobojon Yatimov on 03-Jun-2015
Country:	Tajikistan	Approval FY:	2015		
Region:	EUROPE AND CENTRAL ASIA	Lending Instrument:	Investment Project Financing		
Parent Project ID:	P133327	Parent Project Name:	TAJIKISTAN SECOND PUBLIC EMPLOYMENT FOR SUSTAINABLE AGRICULTURE AND WATER RESOURCES MANAGEMENT PROJECT (P133327)		

Project Development Objectives

Original Project Development Objective - Parent:

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

Proposed Project Development Objective - Additional Financing (AF):

The project development objectives for PAMP II are to: (i) provide access to temporary employment to food-insecure people through the rehabilitation of irrigation and drainage infrastructure, (ii) increase yields of selected crops in response to improved irrigation and infrastructure, and (iii) strengthen the capacity of Tajikistan to introduce integrated water resource management. By improving food access and food availability these measures improve the food security of low-income people in the poor rural areas supported by the project.

Results

Core sector indicators are considered: Yes

Results reporting level: Project Level

Project Development Objective Indicators							
Status	Indicator Name	Core	Unit of Measure		Baseline	Actual(Current)	End Target
Revised	Direct project beneficiaries	<input checked="" type="checkbox"/>	Number	Value	0.00	308607.00	1385000.00
				Date	18-Dec-2013	20-Jan-2015	28-Feb-2020
				Comment			Revised End Target: 1,385,000 The Revised End Target accounts for improved methodology for tracking the indicator and additional beneficiaries expected under the AF.
Revised	Female beneficiaries	<input checked="" type="checkbox"/>	Percentage Sub Type Supplemental	Value	0.00	10.20	30.00
New	Number of registered WUA Members	<input type="checkbox"/>	Number	Value	17000.00		22000.00
				Date	18-Mar-2015		28-Feb-2020
				Comment		Improved project database now allows better targeting of WUA members and gender inclusion. Targeting a 25% increase in WUA membership in	

						the areas supported by the project.	
New	Percent Female WUA Members	<input type="checkbox"/>	Percentage Sub Type Supplemental	Value	10.00		10.00
Revised	Number of person.days worked by participants of public works program	<input type="checkbox"/>	Number	Value	0.00	148850.00	1255000.00
				Date	18-Dec-2013	20-Jan-2015	28-Feb-2018
				Comment			Revised End Target:1255000 The Revised End Target captures temporary employment for additional beneficiaries envisaged under the AF.
Revised	of which female beneficiaries	<input type="checkbox"/>	Number Sub Type Breakdown	Value	0.00	29770.00	188250.00
				Date	18-Dec-2013	20-Jan-2015	28-Feb-2018
				Comment			Revised End Target: 188,250
Revised	of which severely food insecure beneficiaries	<input type="checkbox"/>	Number Sub Type Breakdown	Value	0.00	9904.00	251000.00
				Date	18-Dec-2013	20-Jan-2015	28-Feb-2018
				Comment			Revised End Target: 251,000
Revised		<input type="checkbox"/>	Percentage	Value	0.00	0.00	10.00
				Date	18-Dec-2013	20-Jan-2015	28-Feb-2020

	Increase in wheat and vegetable yield on rehabilitated irrigated land			Comment	This indicator was originally specified for all crops, and was not fully described due to the absence of baseline data. Baseline values were obtained through the completed baseline survey in 2013. Baseline wheat yield (2013) 2.9 t/ha.		Revised End Target: 10% increase. Revised to a 10% increase in wheat and vegetable yields only on rehabilitated land with a baseline yield values obtained through the baseline survey.
Revised	Operational water user associations created and/or strengthened (number)	<input checked="" type="checkbox"/>	Number	Value	0.00	48.00	135.00
				Date	18-Dec-2013	20-Jan-2015	28-Feb-2020
				Comment			Revised End Target: 135 The Revised End Target captures support to WUAs envisaged under the AF.
Revised	WUAs created	<input type="checkbox"/>	Number Sub Type Breakdown	Value	0.00	9.00	30.00
				Date	18-Dec-2013	20-Jan-2015	28-Feb-2020
				Comment			Revised End Target: 30
Revised	WUAs strengthened		Number	Value	0.00	39.00	105.00

		<input type="checkbox"/>	Sub Type Breakdown	Date	18-Dec-2013	20-Jan-2015	28-Feb-2020
				Comment			Revised End Target: 105
Revised	National IWRM strategy prepared and agreed with the MEWR	<input type="checkbox"/>	Yes/No	Value	No	No	Yes
				Date	10-Aug-2012	20-Jan-2015	28-Feb-2020
				Comment		Reference to MAWRM will be replaced with MEWR.	
Revised	Kofarnihon River Basin Plan prepared and agreed with the MEWR	<input type="checkbox"/>	Yes/No	Value	No	No	Yes
				Date	10-Aug-2012	20-Jan-2015	28-Feb-2020
				Comment		Reference to MAWRM will be replaced with MEWR.	

Intermediate Results Indicators

Status	Indicator Name	Core	Unit of Measure		Baseline	Actual(Current)	End Target
Revised	Public works beneficiaries disaggregated by gender and vulnerable group	<input type="checkbox"/>	Number	Value	0.00	4372.00	32000.00
				Date	18-Dec-2013	20-Jan-2015	28-Feb-2018
				Comment			Revised End Target: 53,000 The Revised End Target captures additional beneficiaries of the public works program envisaged under the AF.
New	Female		Percentage		0.00		20.00

		<input type="checkbox"/>	Sub Type Supplemental	Value			
New	Severely Food Insecure	<input type="checkbox"/>	Percentage Sub Type Supplemental	Value	0.00		15.00
New	Beneficiary Grievances Responded to within Stipulated Service Standards for Response	<input type="checkbox"/>	Percentage	Value	0.00		95.00
				Date	01-Jul-2015		28-Feb-2018
				Comment		This indicator will measure citizen engagement.	
Revised	Area provided with irrigation and drainage services (ha)	<input checked="" type="checkbox"/>	Hectare(Ha)	Value	0.00	48457.00	260000.00
				Date	18-Dec-2013	20-Jan-2015	28-Feb-2020
				Comment			Revised End Target: 260000
Revised	Area provided with irrigation and drainage services - Improved (ha)	<input checked="" type="checkbox"/>	Hectare(Ha) Sub Type Breakdown	Value	0.00	48457.00	260000.00
				Date	18-Dec-2013	20-Jan-2015	28-Feb-2020
				Comment			Revised End Target: 260,000 The Revised End Target captures additional works envisaged under the AF.
Marked for Deletion	Water users provided with new/improved irrigation and drainage services (number)	<input checked="" type="checkbox"/>	Number	Value	0.00	0.00	750000.00
				Date	18-Dec-2013	20-Jan-2015	28-Feb-2018
				Comment			
Revised			Number	Value	0.00	0.00	75000.00

	Water users provided with irrigation and drainage services - female (number)	<input checked="" type="checkbox"/>	Sub Type Breakdown	Date	18-Dec-2013	20-Jan-2015	28-Feb-2018
				Comment			Gender Indicators now covered by Core Indicators 1 and 4. It will be dropped.
No Change	Length of flood channel rehabilitated on the Tebalai river	<input type="checkbox"/>	Kilometers	Value	0.00	0.00	5.00
				Date	18-Dec-2013	20-Jan-2015	28-Feb-2018
				Comment			
Revised	Length of canals cleaned	<input type="checkbox"/>	Kilometers	Value	0.00	1280.00	8820.00
				Date	18-Dec-2013	20-Jan-2015	28-Feb-2020
				Comment			The End Target increased by additional scope of rehabilitation envisaged under AF
Revised	of which manually cleaned	<input type="checkbox"/>	Kilometers Sub Type Breakdown	Value	0.00	1261.00	7050.00
				Date	18-Dec-2013	20-Jan-2015	28-Feb-2018
				Comment			The End Target increased by additional scope of rehabilitation envisaged under AF
Revised	of which mechanically cleaned	<input type="checkbox"/>	Kilometers Sub Type Breakdown	Value	0.00	19.00	1770.00
				Date	18-Dec-2013	20-Jan-2015	28-Feb-2020
				Comment			The End Target increased by additional scope

							of rehabilitation envisaged under AF
Revised	Length of drains cleaned	<input type="checkbox"/>	Kilometers	Value	0.00	242.00	1300.00
				Date	18-Dec-2013	20-Jan-2015	28-Feb-2020
				Comment			The End Target increased by additional scope of rehabilitation envisaged under AF
Revised	Key hydraulic installations, controls and structures renovated	<input type="checkbox"/>	Number	Value	0.00	988.00	5800.00
				Date	18-Dec-2013	20-Jan-2015	28-Feb-2020
				Comment			The End Target increased by additional scope of rehabilitation envisaged under AF
Revised	The Water Information System established	<input type="checkbox"/>	Yes/No	Value	No	No	Yes
				Date	10-Aug-2012	20-Jan-2015	28-Feb-2020
				Comment		Reference to Water Information Center replaced by Water Information System.	
Marked for Deletion	Number of Mirops established	<input type="checkbox"/>	Number	Value	0.00	0.00	2.00
				Date	10-Aug-2012	20-Jan-2015	28-Feb-2018
				Comment		This indicator is dropped as	This indicator is dropped as

						Mirobs will no longer be established.	Mirobs will no longer be established.
Revised	Amendments to Water Legislation drafted	<input type="checkbox"/>	Yes/No	Value	No	No	Yes
				Date	10-Aug-2012	20-Jan-2015	28-Feb-2020
				Comment			
Revised	Number of MEWR and ALRI and WUA staff trained in IWRM	<input type="checkbox"/>	Number	Value	0.00	0.00	50.00
				Date	10-Aug-2012	20-Jan-2015	28-Feb-2020
				Comment		Replaced with number of MEWR, ALRI and WUA staff trained in IWRM.	
Marked for Deletion	Number of Mirob and WUAs staff trained	<input type="checkbox"/>	Number	Value	0.00	45.00	200.00
				Date	10-Aug-2012	20-Jan-2015	28-Feb-2018
				Comment		The indicator is dropped as this information is captured in the "Number of MEWR, ALRI and WUA staff trained in IWRM" indicator.	

TAJIKISTAN SECOND PUBLIC EMPLOYMENT FOR SUSTAINABLE AGRICULTURE AND WATER MANAGEMENT PROJECT (PAMP II) ADDITIONAL FINANCING

-  PAMP II DISTRICTS
-  PAMP II ADDITIONAL FINANCING DISTRICTS
- RIVER BASIN MANAGEMENT DISTRICTS IN THE KAFIRNIGAN SUB-BASIN UNDER:
-  PAMP II
-  PAMP II ADDITIONAL FINANCING
-  RIVER BASIN LIMITS
-  MAIN CITIES AND TOWNS
-  REGION CENTERS
-  AUTONOMOUS REGION CENTER*
-  NATIONAL CAPITAL
-  MAIN ROADS
-  RAILROADS
-  RURAL DISTRICTS (RAIONS)
-  AUTONOMOUS REGION BOUNDARIES*
-  REGION BOUNDARIES
-  INTERNATIONAL BOUNDARIES

* Area with no Region-level administrative divisions, and where raions are under direct Republic jurisdiction.



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