

**PROJECT INFORMATION DOCUMENT (PID)
ADDITIONAL FINANCING**

Report No.: PIDA23639

Project Name	Additional Financing for Tajikistan PAMP II (P154327)
Parent Project Name	TAJIKISTAN SECOND PUBLIC EMPLOYMENT FOR SUSTAINABLE AGRICULTURE AND WATER RESOURCES MANAGEMENT PROJECT (P133327)
Region	EUROPE AND CENTRAL ASIA
Country	Tajikistan
Sector(s)	Irrigation and drainage (89%), Public administration- Agriculture, fishing and forestry (8%), Public administration- Other social services (3%)
Theme(s)	Rural services and infrastructure (75%), Rural policies and institutions (19%), Social Safety Nets/Social Assistance & Social Care Services (3%), Improving labor markets (3%)
Lending Instrument	Investment Project Financing
Project ID	P154327
Parent Project ID	P133327
Borrower(s)	Ministry of Finance
Implementing Agency	Agency for Land Reclamation and Irrigation
Environmental Category	B-Partial Assessment
Date PID Prepared/Updated	04-May-2015
Date PID Approved/Disclosed	05-May-2015
Estimated Date of Appraisal Completion	22-Apr-2015
Estimated Date of Board Approval	18-Jun-2015
Appraisal Review Decision (from Decision Note)	The review did authorize the team to appraise and negotiate

I. Project Context

Country Context

Tajikistan's economy is vulnerable to the external economic shocks and is likely to be affected by a downturn in the Russian economy, which is a destination for 90% of Tajik labor migrants. The risks in Russia will substantially reduce not only the employment opportunities for Tajik migrants but also the \$US value of the remittances they send home. Current forecasts suggest that remittance income could fall by 40% or \$US 1 billion in 2015. Tajikistan's economic growth in 2015 is expected to slow as a result to 3.2% from 6.4% in 2014. Inflation will also rise due to the continued depreciation of the Tajik Somoni, which will translate to increased food prices.

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 Russia. 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 workers 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 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.

Sectoral and institutional Context

In response to this situation the GoT has prepared an “Action Plan to Mitigate the 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, 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.

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 a cash transfer program for school children. Together, these two programs provide support for approximately 80,000 beneficiaries/year. Support levels are very low: 30-40 somoni/household/year for the energy subsidy and 40 TJS/child/year for the child education program – equivalent to 2.4% of household consumption among beneficiary households. There are no immediate plans to scale these programs up in response to the current economic situation, although the GoT 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.

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% (there is small gender gap of approximately 2 percent in favor of man). 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/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/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. The state budget will finance 20% of total job creation (50,000 jobs), with the rest (200,000) to be financed by donors and the private sector. 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.

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 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.

II. Proposed Development Objectives

A. Current Project Development Objectives – 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.

B. Proposed Project Development Objectives – 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 government 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.

III. Project Description

Component Name

Public Works and Rehabilitation of Irrigation and Drainage Infrastructure

Comments (optional)

Component Name

Assistance in Water Resources Management, Including Technical Assistance for Policy and Institutional Reform

Comments (optional)

Component Name
 Project Management
Comments (optional)

IV. Financing (in USD Million)

Total Project Cost:	12.00	Total Bank Financing:	12.00
Financing Gap:	0.00		
For Loans/Credits/Others			Amount
BORROWER/RECIPIENT			0.00
International Development Association (IDA)			12.00
Total			12.00

V. Implementation

The activities associated with the AF require no change to 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.

The AF would provide temporary employment for 10,000 people during 2015-2016 in five new districts. Each beneficiary would work for approximately one month and earn around TJS 1,200 per person, after tax. The seasonal nature of this work (November-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.

The AF would finance the rehabilitation of irrigation and drainage infrastructure and provide to support Water User Associations in five districts in Khatlon (Shahrtuz, Qabodiyon, Vakhsh, Dangara and Qumsangir) 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 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 4 districts than was feasible under the shorter, emergency focus of original PAMP.

b) The three districts out of proposed under AF are located in the Kofarnihon river basin, which is the focus of PAMP II measures to introduce IWRM at river basin level. In combination with the other three Kofarnihon basin districts 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.

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 Component I. Of the remaining expenditure (\$US 5.00 million) under component I, 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.

Project implementation in the 5 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 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, including: the formation of women’s groups, the allocation to women of areas that are separate from men, and the selection of areas that are less demanding in terms of physical work.

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 and Qumsangir) have a combined population of 453,500 people. The remaining three districts (Shahrtuz, Vahdat and Dangara – combined population 504,800 people) 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.

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

VI. Safeguard Policies (including public consultation)

Safeguard Policies Triggered by the Project	Yes	No
Environmental Assessment OP/BP 4.01	x	

Natural Habitats OP/BP 4.04		x
Forests OP/BP 4.36		x
Pest Management OP 4.09		x
Physical Cultural Resources OP/BP 4.11		x
Indigenous Peoples OP/BP 4.10		x
Involuntary Resettlement OP/BP 4.12		x
Safety of Dams OP/BP 4.37		x
Projects on International Waterways OP/BP 7.50	x	
Projects in Disputed Areas OP/BP 7.60		x

Comments (optional)

VII. Contact point

World Bank

Contact: Bobojon Yatimov
Title: Senior Rural Development Speci
Tel: 5210+15805
Email: byatimov@worldbank.org

Contact: Jeren Kabayeva
Title: Rural Development Specialist
Tel: 473-6211
Email: jkabayeva@worldbank.org

Borrower/Client/Recipient

Name: Ministry of Finance
Contact: Abdusalom Kurboniyon
Title: Minister
Tel: 992372211417
Email: min_fin@tojikistan.com

Implementing Agencies

Name: Agency for Land Reclamation and Irrigation
Contact: Kholmurod Rahmon
Title: Head of ALRI
Tel: 992372357251
Email: mwr.tj@rumbler.ru

VIII. For more information contact:

The InfoShop
The World Bank
1818 H Street, NW
Washington, D.C. 20433
Telephone: (202) 458-4500
Fax: (202) 522-1500
Web: <http://www.worldbank.org/infoshop>