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**PROJECT PERFORMANCE ASSESSMENT REPORT**

**REPUBLIC OF TAJIKISTAN**

**FARM PRIVATIZATION SUPPORT PROJECT  
PPFI-Q1080 & CREDIT 32400 & 32401**

**May 13, 2008**

*Sector Evaluation Division  
Independent Evaluation Group (World Bank)*

## Currency Equivalents (annual averages)

*Currency Unit = Tajik Somoni (TJS)*

2000	US\$1.00	TJS	2.20
2001	US\$1.00	TJS	2.55
2002	US\$1.00	TJS	2.95
2003	US\$1.00	TJS	2.99
2004	US\$1.00	TJS	3.01
2005	US\$1.00	TJS	3.20

## Abbreviations and Acronyms

ADCP	Azerbaijan - Agricultural Development and Credit Project
CAS	Country Assistance Strategies
CIS	Commonwealth of Independent States
ERR	Economic Rate of Return
FPP	Azerbaijan - Farm Privatization Project
FPSP	Farm Privatization Support Project
GDP	Gross Domestic Product
GoT	Government of Tajikistan
IBRD	International Bank for Reconstruction and Development
ICR	Implementation Completion Report
IDA	Development Association
IEG	Independent Evaluation Group
IEGWB	Independent Evaluation Group (World Bank)
IRR	Internal Rate of Return
ISF	Irrigation Service Fee
M&E	Monitoring and Evaluation
MOA	Ministry of Agriculture
MOP	Memorandum of the President
NFBO	Non-Banking Financial Organization
NGO	Non-governmental Organization
O&M	Operation and Maintenance
PAD	Project Appraisal Document
PIU	Project Implementation Unit
PPAR	Project Performance Assessment Report
PSR	Project Status Report
PSIA	Poverty and Social Impact Analysis
QAG	Quality Assurance Group
TJS	Tajik Somoni
USAID	United States Agency for International Development
WUA	Water User Association

## Glossary

**Table 1. Land Tenure Terminology**

<i>Agrarian reform</i>	Our broadest term for the attempt to change agrarian structure, which may include land reform, land tenure reform, and other supportive reforms as well as reform of the credit system.
<i>Cadastral survey</i>	A survey that determines the ownership, boundaries, and location of a parcel of land.
<i>Common property</i>	A commons from which a community can exclude nonmembers and over which the community controls use.
Geodetic network (or grid)	The network of fixed points established in a geodetic survey.
Geodetic survey	A survey that establishes a network (or grid) of points on the earth's surface, taking into account the curvature of that surface, which points can be used as reference points to establish and reestablish the location of a parcel.
Global positioning system (GPS)	A system of survey which establishes and can reestablish points on the earth's surface by reference to orbiting satellites.
Inheritance	The legal process by which land or other property passes from a deceased owner to his or her heirs.
Land reform	The attempt to change and thereby improve the distribution of land among landholders.
Land registration	Recording in a register of ownership and other property rights in land (a broad, generic term).
Land survey	Determining the boundaries and fixing the location of a parcel of land.
Land tenure	Right(s) in land.
Lease (noun)	An agreement for temporary use by a lessee, who pays rent to the lessor (owner).
Mortgage	A contract by which a borrower commits land as security for a loan.
Parcel	A contiguous area of land acquired as a unit under one title.
Private property	Property held by private persons, natural or legal.
Property	A set of rights and responsibilities concerning a thing, often stated as rights in a thing, to show they are rights against everyone.
Public property	Property held by any level of government.
Tenure	Right(s) in a landholder's resource.

*Source: Land Tenure Center: Tenure Brief, No.1, July 1998, University of Wisconsin, Madison*

## Fiscal Year

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### **About this Report**

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To prepare a Project Performance Assessment Report (PPAR), IEGWB staff examine project files and other documents, interview operational staff, visit the borrowing country to discuss the operation with the government, and other in-country stakeholders, and interview Bank staff and other donor agency staff both at headquarters and in local offices as appropriate.

Each PPAR is subject to internal IEGWB peer review, Panel review, and management approval. Once cleared internally, the PPAR is commented on by the responsible Bank department. IEGWB incorporates the comments as relevant. The completed PPAR is then sent to the borrower for review; the borrowers' comments are attached to the document that is sent to the Bank's Board of Executive Directors. After an assessment report has been sent to the Board, it is disclosed to the public.

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**Risk to Development Outcome:** The risk, at the time of evaluation, that development outcomes (or expected outcomes) will not be maintained (or realized). *Possible ratings for Risk to Development Outcome:* High Significant, Moderate, Negligible to Low, Not Evaluable.

**Bank Performance:** The extent to which services provided by the Bank ensured quality at entry of the operation and supported effective implementation through appropriate supervision (including ensuring adequate transition arrangements for regular operation of supported activities after loan/credit closing, toward the achievement of development outcomes. The rating has two dimensions: quality at entry and quality of supervision. *Possible ratings for Bank Performance:* Highly Satisfactory, Satisfactory, Moderately Satisfactory, Moderately Unsatisfactory, Unsatisfactory, Highly Unsatisfactory.

**Borrower Performance:** The extent to which the borrower (including the government and implementing agency or agencies) ensured quality of preparation and implementation, and complied with covenants and agreements, toward the achievement of development outcomes. The rating has two dimensions: government performance and implementing agency(ies) performance. *Possible ratings for Borrower Performance:* Highly Satisfactory, Satisfactory, Moderately Satisfactory, Moderately Unsatisfactory, Unsatisfactory, Highly Unsatisfactory.



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## Principal Ratings

	<i>ICR*</i>	<i>ICR Review*</i>	<i>PPAR</i>
Outcome	Satisfactory	Satisfactory	Moderately Satisfactory
Institutional Development Impact**	Modest	Modest	_____
Risk to Development Outcome	_____	_____	Substantial
Sustainability***	Likely	Likely	_____
Bank Performance	Satisfactory	Satisfactory	Moderately Satisfactory
Borrower Performance	Satisfactory	Satisfactory	Satisfactory

\* The Implementation Completion Report (ICR) is a self-evaluation by the responsible Bank department. The ICR Review is an intermediate IEGWB product that seeks to independently verify the findings of the ICR.

\*\*As of July 1, 2006, Institutional Development Impact is assessed as part of the Outcome rating.

\*\*\*As of July 1, 2006, Sustainability has been replaced by Risk to Development Outcome. As the scales are different, the ratings are not directly comparable.

## Key Staff Responsible

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## Preface

This is a Project Performance Assessment Review (PPAR) of the Farm Privatization Support Project (FPSP) in Tajikistan, for which Credit 32400-TAJ in the amount of US\$20 million was approved in June 1999 and made effective in February 2000. A Supplemental Credit 32401-TAJ in the amount of US\$3 million was approved by the Board in February 2000. The original closing date of June 30, 2004 was extended to November 30, 2005 to allow for the implementation of sub-projects. At project conclusion, US\$25 million in IDA funding had been disbursed. Approximately US\$30,000 was cancelled from Credit 32400 and US\$220,000 from supplemental Credit 32401. Total project expenditures amounted to almost US\$29 million after including the government's contribution.

The PPAR was prepared by the Independent Evaluation Group (IEG). It is based on the Project Appraisal Document (PAD), the Memorandum of the President (MOP), sector and economic reports, special studies, Country Assistance Strategies (CASs), Policy Framework Papers, credit documents, review of the project files, and discussions with Bank staff. An Implementation Completion Report (ICR, Report No. 36487, dated June 29, 2006) was prepared by the Europe and Central Asia Region. An IEG mission visited Tajikistan in November and December 2007 and discussed the effectiveness of the Bank's assistance with government officials, other development organizations, beneficiaries, and stakeholders (see Annex C). Their kind cooperation and invaluable assistance in the preparation of this report are gratefully acknowledged. Special thanks go to Svetlana Balkhova, Sodiq Abduvalievich Haitov, Usmonaliev Imomali, Takhmina Mukhamedova, Mukhriddin Muzaffarov, Rustam Rakhimov, Rahmonkul Rahmatullaev, Nurali Sherov, Bobojon Yatimov, and Janna Yusupjanova.

Copies of the draft PPAR were sent to the relevant government officials and agencies for their review and comments. Comments from the borrower have been taken into account and are included in Annex G.



## Summary

Under the Soviet Union, Tajikistan's collective and state farms received their farming inputs from Moscow and delivered cotton in return. After independence in 1991, the flow of inputs, such as seeds, fertilizers, farm machinery, and spare parts, as well as wheat and energy stopped. A five-year civil war ensued between 1992 and 1997, during which time irrigation systems became dilapidated, and many specialists knowledgeable about operating irrigation pumps left the country. By the time of the 1997 peace agreement, the agricultural sector was in poor condition, with irrigation systems in disrepair. During the appraisal process the project evolved away from one that would finance the rehabilitation of irrigation systems, toward a focus on restructuring the large state and collective farms in which they operated. Farms would only be profitable when farmers made the key investment and farming decisions, and increasing farm profitability was expected to allow the systems' users to finance infrastructure maintenance.

The Farm Privatization Support Project (FPSP) was approved in June 1999 with the objectives to (i) develop procedures and institutional mechanisms at the state level and selected regions to ensure fair, secure and equitable transfer of land and other farm assets to private individuals or groups; (ii) test and implement these procedures in ten selected former state and collective farms in order to provide representative models which could serve as a basis for wider geographical replicability; and (iii) create sustainable private family farming units and provide them with the enabling conditions to operate independently in a market economy. In 2001, a Supplemental Credit in the amount of US\$3.0 million was approved with the objective to (iv) mitigate the effects of a severe 2000 drought by providing emergency agricultural inputs to the families affected by the drought.

Overall this PPAR rates project outcome as **moderately satisfactory**. The project was relevant to what the 2005 CAS described as the Government's priorities in the agricultural sector. With respect to the drought intervention, distributing genetically improved seed for wheat, fertilizer, and other chemical inputs has led to an impressive increase in wheat production over the last seven years. The project effectively restructured ten pilot farms into 5,782 individual and family farms.

However, project design was overly ambitious and not tailored enough to the circumstances of a country that was just emerging from five years of civil war. In the cotton-growing areas of Tajikistan, quotas for cotton and wheat production are enforced. Local governments have the authority to take land away from farmers who do not achieve their cotton production quotas, even if farmers could make more money with other crops. Unfortunately, about 80 percent of the project's efforts took place in cotton quota areas. While the project offered farmers a package of support to serve as an incentive for restructuring, the PPAR concludes that the package provided necessary but not sufficient enabling conditions. The package included rehabilitation of irrigation infrastructure, the establishment of water users associations for their maintenance, a one-time grant for farm inputs, and access to credit, and training. Notwithstanding, restructuring has been met with significant local resistance. Local governments have constrained the farmers' right to choose their own crops, credit institutions have preferred other borrowers over farmers,

too many farms have not been able to provide themselves with even rental tractors and other agricultural machinery, and the associations established to maintain irrigation systems lack operating funds to keep the rehabilitated structures operating, and farmers groups have been organized in a way that creates disincentives to working together.

Risk to development outcome is rated as **substantial**. Tajikistan is still confronting fundamental legal, cultural, and social barriers to farm restructuring. Bank performance is rated **moderately satisfactory** because of an overly ambitious project design and in spite of highly dedicated supervision. Borrower performance is rated **satisfactory** because of the strong support from the highest levels of government and a dedicated and creative Project Implementation Unit team.

Among the lessons suggested by the project experience are the following:

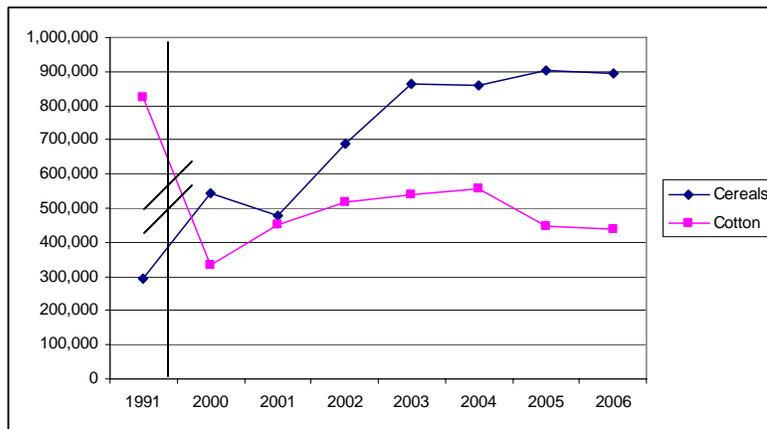
- Land tenure security and farmers' freedom to make their own management decisions are vital for successful farm privatization. In the case of Tajikistan, strong support from the highest levels of government was not enough to restructure and privatize state and collective farms throughout the country. In cotton-growing areas, local governments were more interested in profiting from cotton production than sharing benefits with newly independent farmers.
- International experience may enrich project design, but only when local conditions are fully taken into account. In the case of Tajikistan, project design was overly ambitious and not tailored enough to the local circumstances, including five years of civil war and the remaining aspects of a command economy.
- Care must be taken to identify all the factors constraining the achievement of project objectives, and then something needs to be done about each of them. While some of the barriers to farm restructuring (such as improving access to water and credit), were dealt with at appraisal, the lack of farm machinery was not recognized as an issue, even though it was a high priority for farmers.
- Donor coordination can assist with the propagation of major reforms. In Tajikistan, it took the Bank until 2003 to realize that if donors would speak with one voice to the government on land reform, it might create conditions more favorable for the project-restructured farms.

# 1. Background and Context

1.1 Following the collapse of the Soviet Union, Tajikistan began restructuring its large collective and state farms into smaller units. Previously, under the Soviet Union, collective and state farms received their farming inputs from Moscow and delivered cotton in return. However, after Tajikistan's independence in 1991, the flow of inputs, such as seeds, fertilizers, farm machinery, and spare parts, as well as wheat and energy stopped. A five-year civil war ensued between 1992 and 1997 during which time, irrigation systems became dilapidated, critical equipment was stolen, and many specialists knowledgeable about operating irrigation pumps left the country. At the end of the conflict in 1997, when Tajikistan reached a peace agreement, the agricultural sector was in poor condition, with irrigation systems in disrepair, and drainage systems dysfunctional.

1.2 Even worse, severe flooding during the spring in 1998 and 1999 further destroyed infrastructure. The floods were followed by a drought in 2000 and 2001 when people were forced to consume seeds vital for the next planting season. As a result, farmers were discouraged and agricultural productivity declined (see Figure 1).

**Figure 1. Tajikistan Cotton and Cereals' Production 1991-2006**



Source: IEG

1.3 Tajikistan is a mountainous country, with only 7 percent of arable land on which the majority of Tajikistan's 7 million people reside. Agriculture accounts for 21.5 percent of GDP and employs 67 percent of the country's labor force, and the cotton sector is the largest employer. Poverty is concentrated in rural areas, especially in cotton-growing areas. With declining cotton production and high unemployment, between 500,000 and 1,500,000 Tajiks<sup>1</sup> left the country to work as unskilled laborers in Russia or other Commonwealth of Independent States (CIS) countries. These workers have been sending

<sup>1</sup> Retrieved on February 13, 2008 from: [http://www.rand.org/pubs/monographs/2006/RAND\\_MG417.pdf](http://www.rand.org/pubs/monographs/2006/RAND_MG417.pdf).

home significant remittances, which in 2007 accounted for 36.2 percent of GDP.<sup>2</sup> Since the majority of those who go abroad are men, women have had to bear most of the burden of childcare and agricultural labor.

1.4 The achievement of political and macroeconomic stability, post-conflict recovery of the manufacturing and service sectors, substantial growth in remittances by labor migrants, and favorable world prices for the country's main exports (cotton and aluminum) were among the factors contributing to strong economic growth.<sup>3</sup> According to the 2006 PSIA, "over the last five years the GDP growth rate has averaged about 8 percent, while poverty rates, measured at US\$2.15 per day (at purchasing power parity), have fallen—from 81 percent in 1999 to 64 percent in 2003." However, this growth has not yet reached rural areas, and the cotton sector in particular remains in bad shape with low yields and an ever-increasing debt spiral.

### **ROLE OF THE BANK**

1.5 Tajikistan became a member of IBRD and IDA in June 1993. Before signing the Credit for the Farm Privatization Support Project (FPSP), IDA was involved in five operations. These operations were marked by extremely difficult circumstances, due to the civil war during which time an estimated 50,000 people were killed and 600,000 were displaced. The FPSP was conceptualized in 1998 one year after the end of the civil war. The Bank's involvement in the project provided assistance for investments aimed at rehabilitating irrigation and drainage infrastructure and supporting the restructuring of state and collective farms in pilot areas (see Box 1).

#### **Box 1. Terminology: Farm Restructuring Versus Farm Privatization**

The project is called *Farm Privatization* Support Project. Under the project, farms were to be privatized, but land was not. In Tajikistan land is owned by the government, which leases it to farmers for cultivation. In order to avoid confusion, this PPAR uses the term farm restructuring instead of farm privatization to more precisely describe the achievements and shortcomings of this project with respect to land reform.

*Source: IEG*

1.6 The project reflected the priorities established by the borrower and the Bank in the 1998 CAS. The CAS described the recovery of the agricultural sector's growth as a critical priority. At the time, neighboring countries (Azerbaijan and Kirgizstan) that transformed the rural sector from a supply-driven and inflexible state-based sector to a private sector business had significantly increased productivity. Transforming the massive and formerly state-managed farms into privately-managed family farms was the strategy on which the project was based. This was to be done on a pilot basis with the aim of subsequently scaling up the program if it was successful. The project is still relevant to the Government's priorities in the agricultural sector described in the 2005 CAS. These

<sup>2</sup> Ratha, D., Mohapatra, S., Vijayalakshmi, K. M., and Xu1, Zhimei (2007): "Remittance Trends 2007." *Migration and Development Brief 3*. Development Prospects Group, Migration and Remittances Team. The World Bank, Washington, D.C., November 29, 2007.

<sup>3</sup> The World Bank, 2007: Tajikistan. Joint Staff Advisory Note on the Poverty Reduction Strategy Paper for 2007-2009; Report No. 41324-TJ. Washington, D.C., November 8, 2007.

priorities include continuing the farm land privatization program, improving competition in farm inputs and cotton marketing, and rehabilitating irrigation infrastructure.

1.7 A US\$20 million Credit was approved by the Board in June 1999, and became effective on February 29, 2000. A Supplemental US\$3 million Credit was also approved by the Board on February 22, 2001. Furthermore, a Project Preparation Facility (PPF) advance of US\$600,000 and a Japanese PHRD grant of US\$400,000 have been used for start-up project activities and the procurement of essential initial equipment, office supplies, operating services, and training and technical assistance. Upon project completion, the combined IDA Credits were nearly fully disbursed (99 percent). The actual project costs of each component were close to appraisal estimates except for the project management component costs, which were nearly twice the appraisal estimate. This was primarily due to greater than expected demands on the PIU to deliver technical assistance in procurement and financial management to government agencies.

## **2. Objectives and Design**

### **PROJECT OBJECTIVES**

2.1 As stated in the Project Appraisal Document (PAD), the main project objectives were to (i) develop procedures and institutional mechanisms at the state level and in selected regions to ensure fair, secure and equitable transfer of land and other farm assets to private individuals or groups; (ii) test and implement these procedures in ten selected former state and collective farms in order to provide representative models which could serve as a basis for wider geographical replicability; and (iii) create sustainable private family farming units and provide them with the enabling conditions to operate independently in a market economy.

2.2 A Supplemental Credit in the amount of US\$3.0 million was approved by the board on February 22, 2001. This Supplemental Credit supported the prior three objectives and added a fourth one, which was to (iv) mitigate the effects of the severe 2000 drought by providing emergency agricultural inputs to the families affected by the drought.

### **PROJECT COMPONENTS**

2.3 The project consisted of the following five components:

1) Farm Restructuring Services:

To establish and commence implementation of land use registration services comprising: aerial surveying and mapping; participatory land allocation of individual plots to farm families (from the former collective or state farms); land registration to record ownership of the plots; "training of trainers" and subsequent training and provision of technical assistance to farmers in new agricultural technologies; and (ii) establishment of rural information and advisory services through: strengthening of the Ministry of Agriculture's (MOA) staff, in particular

of six project implementation units in the project's six pilot regions; training in information dissemination techniques; field level demonstrations in crop varieties and agricultural technology; and, establishment of farmers' information desks at MOA and the National Training Center.

- 2) Rehabilitation of Critical Main and Field Level Irrigation and Drainage Works: To rehabilitate critical main and field level irrigation and drainage works in the ten project field sites including the establishment of financially sustainable water users associations to manage the rehabilitated irrigation facilities.
- 3) Provision of One-time Grant and Creation of Rural Savings and Credit Association:  
First, to allocate one-time grants to farm families of up to US\$300 per hectare (and with an upper limit of US\$600 per family) to enable them to purchase a minimal amount of the most critical farm inputs; and second, create farmer-owned rural savings and credit associations including provision of start-up capital and a credit line.
- 4) Project Management and Implementation Units:  
To manage project implementation overall and especially in the six project regions.
- 5) Supplemental Credit:  
The Supplemental Credit was to provide seed and fertilizer packages to some 56,000 farming families affected by the 2000 drought, with distribution handled by contracted NGOs.

**Table 2. Project Objectives, Components, and Costs**

Objectives	Components	Costs (US\$, million)	
		Appraisal	Actual
1. Development of private farming	The provision of Farm Restructuring Services	5.45	4.60
2. Develop representative models for wider geographical replicability	The Project Implementation Unit was intended to refine the replicable model during implementation	2.80	6.38
3. Create sustainable private family farming units	Reconstruction and rehabilitation of critical irrigation and drainage works, agricultural extension, training, one-time grant.	6.55	6.48
	Creation of Rural Savings and Credit Association	5.20	4.45
4. Drought relief	Provision of seeds and agricultural inputs under the Supplemental Credit	3.00	3.08

Source: IEG

## **PROJECT DESIGN**

2.4 At the design stage of the project, Tajikistan's agricultural infrastructure was in generally poor condition. Irrigation systems were dilapidated, metal (galvanized steel) irrigation gutters and other critical equipment had been stolen during the civil war and on-farm and off-farm irrigation canals had been destroyed by flooding or filled by silt due to a lack of maintenance. In most of the project farms irrigation had deteriorated to the extent that delivered water had been reduced by about 40 percent. Although the Government of Tajikistan (GoT) requested a project that would finance the rehabilitation of the irrigation system, the Bank suggested that the project should also restructure the large state and collective farms. In the Bank's view, increasing farm profitability would generate sufficient revenue to allow the system users to sustainably finance the maintenance of the reconstructed irrigation systems. Moreover, farms would only be profitable when farmers made the key investment and farming decisions. Discussions with project staff indicated that the GoT reluctantly agreed to farm privatization in addition to rehabilitating the irrigation system, but its enthusiasm for the proposed approach varied by governmental level.

2.5 Although local governments and potential beneficiaries were extensively surveyed during a period of about two years, much of the farm privatization approach designed into the project built on earlier work in neighboring countries. Ten state and collective farms in six districts would be broken up. Despite the attitude surveying that had been done, several governmental officials (interviewed for the preparation of this report in November 2007) made the point that farmers were largely taken by surprise by the proposed restructuring efforts. It should be borne in mind that there was a very precarious security situation after the civil war that restricted the free movement of project staff.

2.6 Since farmers were used to having decisions made for them within the state and collective farms for more than 60 years, they were not natural entrepreneurs. Farmers participating in the restructuring were to be supported by a wide range of activities, including land registration, land surveying, public awareness, training, irrigation system rehabilitation, the formation of Water User Associations (WUAs), installation of water measurement devices, creation of credit institutions, provision of grants, and distribution of seeds and fertilizers. The assumption was that if farm restructuring and privatization could be shown to work with ten farms, then the project would be replicated in the more than 600 remaining state and collective farms. Such thinking was based on previous World Bank experience with farm restructuring in other countries, where some pilot efforts had led to farm privatization in the whole country (see Box 2 on Azerbaijan).

### **Box 2. Farm Privatization in Azerbaijan**

In Azerbaijan, the World Bank financed two operations on farm privatization. The first was the 1997 Azerbaijan Farm Privatization Project (FPP), and the second was the 1999 Azerbaijan Agricultural Development and Credit Project (ADCP). Based on the early experience of the FPP, which over a period of just 18 months restructured six pilot state and collective farms into 6,645 family farms, the government decided in 1997 to launch a rapid nation-wide roll-out of the land privatization program, using the FPP model. By 2001, two years before FPP completion, some 1,980 of Azerbaijan's 2,020 state and collective farms had been privatized, representing 95 percent of agricultural land. As a result, Azerbaijan privatized its collective farms into one million private family farms.

*Source:* IEG's Azerbaijan – FPP and ADCP PPAR

2.7 In Tajikistan farmland was government-owned. Since the enactment of the Land Code in 1996<sup>4</sup>, land use rights in Tajikistan were made transferable so that farmers could use land for 99 years, pass it on to the next generation and sub-lease it. In general, land use rights may encourage productive farming just as well as ownership rights. There are numerous western countries with advanced agricultural production systems and strong incentives to invest where farmers only have land use rights – as opposed to land ownership rights (eg. New Zealand and Australia).

2.8 What seems to be important is not the type of land-use right, but the security of ownership of whatever land rights have been acquired. The project was designed as though the Land Code was broadly enforced. But that proved not to be the case – tenure security is still very much an issue in Tajikistan. As of March 2008, land use rights can be withdrawn by the local government in case of “irrational” use of land. If this provision was only exercised in the face of environmental irresponsibility, it would be a sensible provision. Unfortunately project experience and the local farmers consulted indicated that capricious tenure revocation is more the norm. And the failure to adequately address this problem during design had implications for the pilot effort.

### **INSTITUTIONAL FRAMEWORK**

2.9 A number of central ministries and their local departments as well as a local bank and NGOs have been involved in the implementation of the FPSP. These organizations include the following: the State Land Committee, the Savings Bank of Tajikistan, the Ministry of Water Resources, the Ministry of Agriculture, district administrations and the district-level department of agriculture. The Government established a Prime Ministerial level steering committee to manage the farm restructuring program and also a national-level Project Implementation Unit (PIU) for the implementation of the more routine activities, with satellite units at the district level.

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<sup>4</sup> The Land Code of the Republic of Tajikistan of December 13, 1996 was amended by No. 498, December 12, 1997; No. 746, May 14, 1999, No. 15, May 12, 2001, and No. 23, February 28, 2004.

### **3. Implementation**

#### **IMPLEMENTATION EXPERIENCE**

3.1 The Farm Privatization Support Project financed a central PIU in Tajikistan's capital, Dushanbe with satellites in the six districts that had been selected for farm restructuring. In the beginning of the project, the PIU was unfamiliar with Bank requirements. Establishing the PIU as an independent agency proved helpful in shielding it from undue influence. In addition, a consultant familiar with Bank procedures was hired for the duration of the project to provide procurement and contracting assistance. While this increased project management expenditures, it helped overcome problems experienced by earlier projects and made sure that the credit proceeds were acceptably used.

3.2 At the beginning of the project, private contractors did not exist and infrastructure rehabilitation was undertaken by line ministries. With assistance from the PIU, the project encouraged private enterprises to undertake infrastructure rehabilitation. A total of 11 such firms were established, which bid on and were awarded 18 contracts to restore the irrigation system, install irrigation pumps, and excavate drainage channels. These newly established firms were closely supervised by PIU staff, which monitored works on a regular basis.

3.3 By all accounts, PIU staff were highly dedicated to the project, and difficulties in project implementation were expeditiously resolved. Over the years, the PIU took on responsibility for administering additional Bank Credits, such as the Rural Infrastructure Rehabilitation Project, the Community Agriculture and Watershed Management Project, and the Avian Influenza Control, and Human Pandemic Preparedness and Response Project.

3.4 The project's original closing date was extended for 17 months to allow for completion of sub-projects. Project extension was necessary because in 2000 project staff were busy ameliorating the effects of drought by implementing the supplemental drought relief component.

#### **INITIAL PPAR FINDINGS**

3.5 To exercise its accountability function, the PPAR attempted to confirm the findings of self-evaluation. The ICR concluded that the project established a model for privatizing state and collective farms that is transparent, equitable and generally acceptable to the population, and technically easy to implement by the government. The PPAR does not fully concur (see Box 3). The ICR maintains that the project fully achieved its objective of establishing a privatization model. This is indeed the case, at least in the sense that there is a follow-on project that has adopted the same approach. The ICR was frank in admitting that in the cotton areas of Tajikistan, very little "real" privatization has taken place. Unfortunately, about 80 percent of the project's efforts took place in those areas.

**Box 3. Barriers to Farmers' Freedom to Crop Constrain them from Achieving the Benefits of Privatization**

- The Law on *Dehqan* Farms<sup>5</sup>, signed by the President on May 10, 2002, guarantees farmers the freedom to grow the crops of their choice. According to this law, government structures are not allowed to interfere with farmers' decisions on what to produce. In practice, however, farmers in cotton-growing areas still need to fulfill quotas and follow a central plan, which defines when to sow cotton, when to water, and when to harvest it.
- Market failures and distortions prevent farmers from reaping the benefits of cotton. These include high taxes charged by local governments, and powerful investors, who provide inputs, such as seeds and fertilizer on credit but at a high price during the planting season; and commercialize cotton, requiring repayment in kind while buying at a low price at harvest time.
- Irrigation water is provided according to the water requirements of cotton, which makes it difficult to switch to other crops.
- Tajik cotton farms carry a high burden of debt, which has been passed on to individual and family farms. This debt burden makes farmers dependent on investors. (Despite recently held discussions among the GoT, the IMF, the World Bank, and the ADB among others, to address the cotton debt issue in Tajikistan, so far there is no resolution of the matter.)

*Source: IEG*

3.6 The ICR extensively covers the technical aspects and especially the challenges of the land registry, and the credit institutions. These will be discussed further below. In addition, the ICR classed the provision of farm information services as the weakest aspect of the project. The PPAR concurs with this judgment, and generally found that farmers made little use of the teachings and materials produced. This happened both because not enough stakeholder consultation took place in the design of the technical component, and also because the training was given at a level of complexity and in a vocabulary inaccessible to agricultural laborers.

3.7 This PPAR finds that using a lottery to divide up the ten pilot farms was perceived by all concerned to be an equitable and fair way to do this. Farm restructuring was happening outside of the project as well. Farmers living on hillsides where large machinery never played a significant role, and especially those farms close to Dushanbe have managed to independently operate their farms, make their own cropping decisions, and market their products in uncontrolled markets that sell directly to consumers.

3.8 In the cotton-growing areas of Tajikistan, however, project achievements follow the letter rather than the spirit of the project objectives. Quotas for cotton and wheat are enforced. Local governments can (and reportedly do) take land away from farmers who do not achieve their cotton production quotas, even if they have to lose money by doing so.

3.9 With respect to the drought intervention, distributing genetically improved seed for wheat, fertilizer, and other chemical inputs has led to an impressive increase in wheat production over the last seven years.

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<sup>5</sup> Restructured family farms.

## MONITORING AND EVALUATION

3.10 Monitoring and evaluation is rated substantial for the reasons explained below.

3.11 M&E design: A detailed performance measurement framework (log-frame matrix) was developed in the PAD, with clearly specified overall goals from the CAS, in addition to project objectives, and components. Overall goals and objectives were reflected in five key performance and five outcome / impact indicators. Output indicators were too sparse to capture all elements of the highly complex project design, but they did somewhat reflect components. Outcome indicators were to be measured by land registration records and periodic surveys, while output indicators were to be measured by progress reports and IDA supervision missions. No guidelines were provided with regard to sampling methods for surveys, nor was a timeframe established for a baseline survey. Despite these limitations, overall, the monitoring framework was appropriate in terms of demonstrating attribution along the logical results chain as the implementation and utilization of the results framework will demonstrate.

3.12 M&E implementation: During project implementation, Project Status Reports (PSRs) tracked outcome and output indicators. Indicators were adjusted during implementation in order to better track results. For example, five initial outcome indicators were increased to ten in order to also keep track of the number of WUAs created, O&M and cost recovery results, as well as information utilization from extension services. Output indicators were less detailed in PSRs, but did reflect components.

3.13 In addition, a baseline survey was carried out in 2001, about one year after project effectiveness (in February 2000). A major deficiency of the baseline study was that it was undertaken after project implementation had already begun, and some of the base variables identified had already been affected by project activities. For this 2001 pilot survey, as well as for the 2003 update, all ten pilot farms were selected, representing universal coverage of pilot areas. A final survey was conducted in 2005. This survey selected a sample of 200 restructured farms, chosen from all ten pilot project areas. In addition, a control group was selected representing restructured farms from non-project areas. This control group was drawn from the areas adjacent to project pilot areas. A control group of 50 farmers was selected. Survey questions covered output and outcome indicators developed in the PAD. In addition to this overall survey, separate surveys were conducted for each sub-component, which effectively facilitated learning from the pilot projects.

3.14 M&E utilization: Results from the final survey in 2005 in addition to specific surveys by sub-component provided detailed outcome and output measurements. These output and outcome indicators were tracked in a log frame matrix providing evidence for achievement of objectives and components. As noted above, output indicators were not very detailed. A 2004 Progress Report provides evidence that changes in the irrigation component were tracked in detail, providing tables with costs, changes in quantity, monitoring results, as well as pictures of rehabilitated or newly built structures. This facilitated quality control during the construction phase. According to that report as well as to PIU members interviewed, in several cases construction companies had to tear down already finished works because they did not meet design specifications. The PAD results framework called for tracking court cases and legal resolutions related to land disputes as

well as keeping a history of land trading and the evolution of land use rights. This never happened, although such sector-wide information would have been helpful to clarify the extent of tenure insecurity and the rather slow development of land rental. In addition, the M&E results laid the foundation for the Land Registration and Cadastre System for Sustainable Agriculture Project, which was developed in the follow-on project.

#### **SAFEGUARDS, FIDUCIARY COMPLIANCE, AND UNINTENDED OUTCOMES**

3.15 The project was classified as environmental category "B" for the purposes of OD 4.01. According to the PAD, the environmental impact of the proposed project was expected to be small but positive. Positive activities were expected to help improve water use efficiency, reduce salinization and water logging, and arrest the process of land degradation. The project was expected to foster more prudent use of privatized agricultural land. This is essentially what happened. The PAD also identified overgrazing and degradation of pasture lands as an environmental issue, as was the possibility of excessive use of agro-chemicals.

3.16 During implementation, the FPSP improved a total of 10,758 hectares of irrigated lands and reclaimed 1,375 hectares of formerly saline and water logged lands, which not only increased land productivity, but also had environmental benefits.<sup>6</sup> Negative effects from agro-chemicals were not encountered, because farmers could not afford the recommended amounts of fertilizer. No data were available on overgrazing, but it remains a severe problem in Tajikistan, especially in non-irrigated areas.

3.17 After a weak start, fiduciary compliance is reported to have been satisfactory.

## **4. Outputs and Outcomes by Objective**

4.1 Objective 1: *To develop procedures and institutional mechanisms at the state level and selected regions to ensure fair, secure and equitable transfer of land and other farm assets to private individuals or groups; (modest).*

4.2 As noted above, the project developed a mechanism, by which land was transferred in a fair and equitable manner. The process occurred in two steps. First, state and collective farms were divided into *brigades* (sub-units of state and collective farms) using already-existing administrative structures. If a collective farm had previously been made up of 1,000 families, then these families were divided in sub-groups of about 100 families. These family farms formed a joint stock company. The process of forming joint stock companies was already ongoing in Tajikistan at the time of project identification, and the project took advantage of this home-grown approach to land transference.<sup>7</sup>

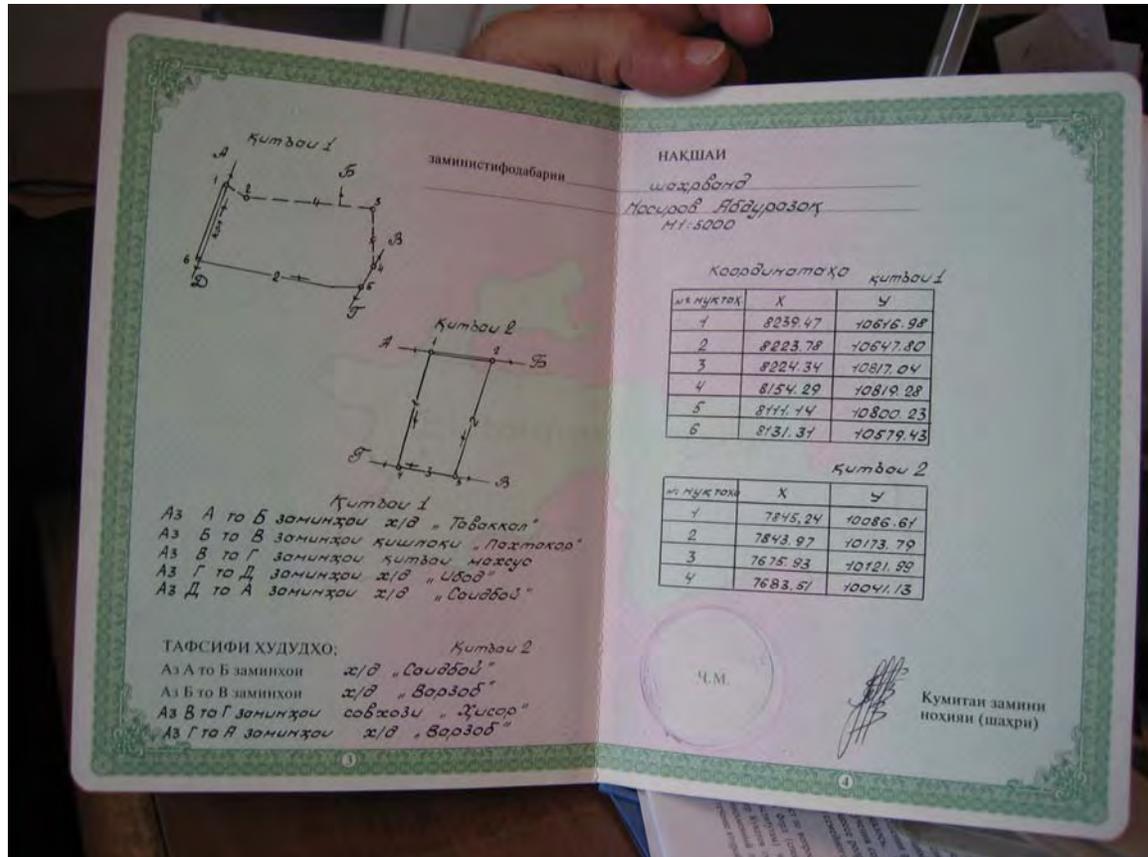
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<sup>6</sup> Republic of Tajikistan: Farm Privatization Support Project. Dushanbe 2005.

<sup>7</sup> Groupings of this size in Tajikistan have a long tradition. Even before the Soviet Union these administrative units existed. They are based on kinship tribal groups. The development of *dehkan* or family farms is indeed a new structure for Tajikistan (see Sehring, 2006).

Second, a lottery was organized during which each of the 100 families in a joint stock company received their individual parcel of land. In this second step, farmers were able to either register their own land or unite with the extended family, with each member being listed on a certificate that the family farm was to receive. Women were listed on the certificates as well as men. Both types of farms are called *dehkan* farms (“dehkan” meaning “farmer”). The IEG PPAR mission visited the State Land Committee and were shown the certificates that farmers received (Figure 2).

Figure 2. Land Use Certificate



Source: Tajikistan, FPSP, PIU

4.3 At \$120 per hectare, the cost of certificates was high. Under the Bank-funded follow-on project<sup>8</sup>, costs have been reduced to US\$7 per certificate of farm restructuring. Each member of a former collective farm – farm managers as well as farm workers, teachers, artists and doctors – received a parcel of land. This complied with stakeholder ideas of fairness. High costs of certificates were offset for every family through the provision of family grants that had to be used to buy farming inputs—clearly an equitable way of handling the problem. These grants compensated farmers for initial high costs spent to obtain the certificate and provided them with enough money to start their farm business. The lottery was perceived a fair process of land distribution, which differed

<sup>8</sup> The 2005 Land Registration and Cadastre System for Sustainable Agriculture Project.

from some other parts of the country where the project did not operate, where land was allowed to pass into the hands of people who were well connected, understood the bureaucratic process, and who had the funds to pay for the certificate.

4.4 As already noted, the lack of land tenure security remained a problem during the life of the project. Local governments in Tajikistan have a strong vested interest in cotton which significantly diminishes their support for land reform. Even though farms earn very little from cotton (due in part to price-fixing by middlemen), it is one of the premier foreign exchange earners, and taxes are raised in such a way that local governments profit from cotton revenue. In addition, investors in cotton processing and commercialization have historic ties to the government echelon. By all accounts, there are regions where farmers are told that if they do not produce what the local government tells them to, their land will be confiscated—and the mission heard repeatedly about instances where farmers lost their land for no good reason. As long as farmers can be coerced into producing unprofitable crops it is unrealistic in the extreme to expect them to invest in increasing production.

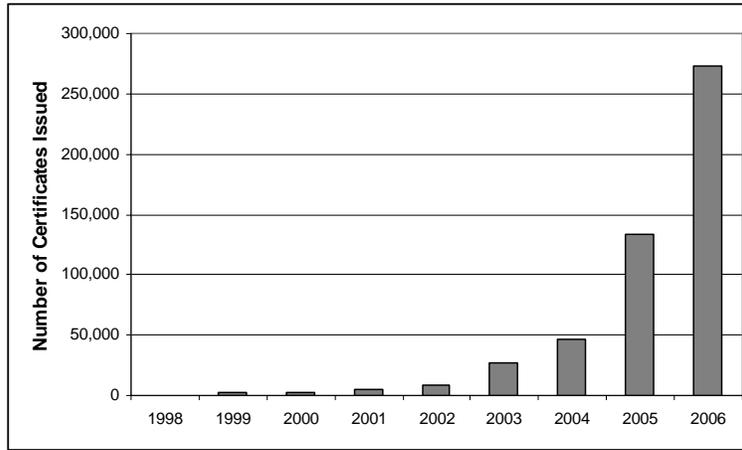
4.5 *Objective 2: To test and implement these procedures in ten selected former state and collective farms in order to provide representative models which could serve as a basis for wider geographical replicability; (substantial)*

4.6 Ten state and collective farms, whose farm managers had agreed to restructure their farms under the FPSP, were divided into a total of 5,872 individual and family farms. Procedures including updating land maps, identifying, numbering, and demarcating parcels were introduced in addition to the issuance of land-holding certificates. In addition, land registration was computerized. Farmers contacted during the PPAR mission were able to locate their parcels on a map (see Annex F) as each certificate indicated the exact demarcations of land parcels, including those of their neighbors.

4.7 The procedures used in this farm restructuring experience were documented for eventual replication (see Annex D [Sampath, 2006]). The ten-step process is being used in the follow-on project. Thus the project clearly served as a basis for replication, although it is too early to say how successful this next attempt (which involves restructuring 300 additional farms, mostly in non-cotton-growing areas) will be.

4.8 In the absence of broader dissemination of the project experience, however, other donors are highly unlikely to replicate this effort. Donors consulted during the PPAR mission in Tajikistan said that they were unaware of any project-developed model for farm restructuring. Yet restructuring seems to be an unstoppable process. A 2007 study undertaken by USAID examined the country-wide progress with land restructuring in Tajikistan (see Figure 3). According to this study, 27,294 land use titles/certificates have been issued. The mission found that tracking the influence of the project on such a large sample was not possible without a significant further investment in research.

**Figure 3. Total Number of Land Use Certificates Issued in Tajikistan (1998-2006)**



Source: USAID, 2007

4.9 **Objective 3:** *Create sustainable private family farming units and provide them with the enabling conditions to operate independently in a market economy; (modest)*

4.10 The project offered farmers a package of support attractive enough to serve as an incentive for state and collective farm managers to restructure their farms. The package included rehabilitation of irrigation infrastructure, the establishment of WUA's for their maintenance, a one-time grant for farm inputs, and access to credit, training, and travel tours for local officials and project staff to other countries. In addition, a public awareness campaign was organized with the aim of informing farmers about the benefits of restructuring.

4.11 This PPAR concludes that the package provided necessary but not sufficient enabling conditions. Sustainably restructuring state and collective farms required ensuring that necessary finance, inputs, and mechanization would be available in the intermediate term. It might be reasonable to expect private providers to step in at some point. But a one-time grant has to be questioned as to its overall sufficiency to provide the necessary.

4.12 The freedom to make cropping decisions is a *sine qua non* of operating in a market system. Farmers in non-cotton growing areas close to markets in Dushanbe and in the hills were able to make their own cropping decisions and buy seeds and fertilizer on the market. Farmers in cotton-growing areas were another story. They had to rely on loan brokers to provide them with overpriced, low-quality inputs at high rates of interest. In return, farmers had to deliver cotton at a lower than market price to the cotton gin.

4.13 **Irrigation.** Irrigation is an important enabling condition. In Tajikistan about 860,000 ha is suited for agriculture, and some 720,000 ha (or 84 percent) are irrigated. Most of Tajikistan's agricultural land, including the FPSP project area, is located in bowl-shaped valleys with gentle slopes. To irrigate these fields, rather than to rely on gravity as much as possible, Tajikistan has developed a relatively expensive way to irrigate using

pumping.<sup>9</sup> Water is pumped uphill (sometimes over 150 meters) to main canals, which are aligned on the higher contours. Subsequently, water from the main canals is applied to the land down the slope, at the bottom of which it is collected in a drainage system.

4.14 In most project farms irrigation capacity had deteriorated to the extent that water delivered to the fields had been reduced by about 40 percent. Only about half of the required pumps were working in a typical pumping station, and even these were in poor condition, requiring constant repair and the importation of expensive spare parts. Since the farms could not afford the needed repairs, restoring the dilapidated pumping infrastructure was one of the main incentives that made farm chairmen agree to the proposed restructuring.

4.15 The IEG PPAR mission found that while the repair needs for irrigation infrastructure had been carefully assessed (see Box 4), in the absence of cropping freedom, access to free markets, etc., the farms were unlikely to be able to maintain the project-repaired systems.

**Box 4. Repairs Carefully Tailored to the Specific Needs of the Restructured Farms**

In one restructured farm visited by the PPAR mission, pump motors had been replaced and the pump house building had been rehabilitated. In another farm nearby where water loss due to absorption was a bigger problem, canals had been lined with concrete, new aqueducts had been built, outlet gates to tertiary channels had been replaced, and open and closed drainage systems had either been constructed or restored. (For a list of all infrastructure rehabilitated under FPSP see Annex B.)

4.16 In fact, maintenance is already a serious challenge. The IEG PPAR mission found that aqueducts were leaking, outlet gates to tertiary channels that had been replaced under the project were missing, and the rehabilitated drainage systems were clogged by garbage. The challenge has clearly not yet been overcome in terms of sustainably maintaining irrigation systems. Why not?

***WUAs Not Yet Ready to Manage On-farm Irrigation Systems***

4.17 Under the Soviet Union, off-farm irrigation structures, such as primary and secondary canals were maintained by the Ministry of Irrigation and Water Resources Management, while on-farm or tertiary irrigation channels were maintained by state or collective farms. One of the challenges that farm restructuring posed was the maintenance of on-farm irrigation channels once a state or collective farm was restructured into individual or family farm units. To overcome this challenge, the 2000 Water Code (later amended in 2003), provided a legal basis for the establishment of WUAs. The WUAs' main functions were to: 1) equitably allocate water, 2) provide for maintenance of on-farm irrigation channels, and 3) collect water user fees.

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<sup>9</sup> According to Sehring (2006), some 60 percent of Tajikistan's irrigated land is served at least in part by pumps.

4.18 The IEG PPAR mission visited four (of the nine) WUAs established under the FPSP and learned that meetings were held on a regular basis. There were three main problems, however. First, regarding equitable water allocation, some farmers complained that water was distributed only according to the schedule needed by cotton plantations and that the irrigation needs of farmers planting other crops were neglected. In particular, farmers at the tail end of the irrigation channel did not receive sufficient water allocations. In response to its questions, the mission noted that no dispute resolution mechanisms had been established under the project other than the purchase of bicycles to bring chairmen more quickly to areas where disputes were taking place. Second, concerning the operation of on-farm irrigation channels, field verification saw little evidence of maintenance. For example, leaky aqueducts and eroded concrete were causing extensive water losses and reducing conveyance efficiency. Finally, regarding the collection of water user fees, which might have been used to pay workers to perform maintenance, the WUAs' performance was not optimal. Under the project, a gradual process of introducing water user fees had been envisaged. In the first year, 75 percent of the costs for operation and maintenance were to be paid by the project; in the second year, 50 percent; and in the third year, 25 percent. By the fourth year, WUAs were expected to be fully self-financed. However, of the four WUAs visited by the mission, only one WUA was current with fee collection.<sup>10</sup>

#### ***Water Meters Installed, But Not Used***

4.19 In order to measure water allocations and to keep water use sustainable, water measurement devices (*reikas*) were installed under the project. The PPAR mission visited five stations where such meters had been installed. While in two locations it turned out that they could not be seen because access doors were closed and locked, in two other locations, meters were completely missing. In the fifth location, a meter was found; however, the compartment was full of sediment and garbage, which meant that measurements were impossible to take.

4.20 It is important to note that WUA members stated that farmers were hostile to metering because they feared that they would be charged in the future not only for maintenance and water delivery, but also for water as a commodity. This fear was not unfounded, since a sign in front of one of the WUAs displayed a quote from the President of Tajikistan saying that water is in fact a commodity and it needs to be paid for. The above may in part explain the reluctance of WUA members to measure water levels. It is also true that in the past, water usage was estimated according to flow velocity and allocations were based on farm size rather than actual water use.<sup>11</sup>

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<sup>10</sup> The mission was informed that in the WUA, which was current with its fee collection, the ISF [Irrigation Service Fee] was volumetric based and estimated at 0.06 somoni per cubic meter of water. This amount was paid in full to the Ministry of Irrigation and Water Resources. An additional 0.02 somoni was collected for operation and maintenance. As a result, farmers had to pay 0.08 somoni per cubic meter of water received. Thus, ISF amounts to about 80 somoni per hectare of cotton land.

<sup>11</sup> According to Sehring (2006), "the mirob calculates the water volume by the flow velocity. The ISF [irrigation service fee] is calculated according to land size and not actual water use. As all farmers grow more or less the same products (due to state prescriptions), they also use more or less the same amount of water."

### ***WUAs Organized by County Rather than by Irrigation Channels***

4.21 The Land Code (2003) specifies that WUAs be organized by brigade. Under the Soviet Union, vast state and collective farms were sub-divided in brigades (which loosely correspond with counties). Brigadiers were powerful and well-respected county commissioners. These administrative structures were originally clan-based and they antedate the Soviet Union. Brigades thus have a deep-rooted tradition in which patronage plays an important role. To some degree, building on a long-standing social/organizational structure may have facilitated the acceptance of WUAs, while at the same time, it may have also reinforced traditions of inequality and patronage that thrived in those earlier times. Perhaps this unintended consequence could have been avoided if WUA members had an important shared interest. But this could only have happened if the project had set up WUAs based on actual irrigation channel use rather than on county boundaries. As integrated water resources management principles become more broadly accepted, WUAs may eventually be modified so the membership follows actual irrigation channels, which would improve the likelihood that those channels are maintained.

### ***Farms' Need for Farm Machinery Not Yet Resolved***

4.22 The mission found that another factor critical to the sustainability of the restructured farms was regular access to farm machinery, which the project opted not to finance. Machinery belonging to the farms had fallen out of their control during the civil war. Some of it was now in the hands of powerful people who were either unwilling to return or share it. In other cases equipment had been sold, even though ownership was unclear, and it is currently beyond the ability of the farms to recover it.

4.23 Traditional farm machinery is very large in scale, and it is more appropriate for the 80 ha to 100 ha fields of the old collective farms. After the project-financed restructuring, farmers cultivate on average 3.25 ha of land (ranging between 2.30 ha and 6.90 ha). Operations on such a scale find it difficult to find the funds to invest in new machinery or even to rent it, especially since the smaller scale equipment used in some countries is not yet widely available in Tajikistan.

### ***Missing the Target***

4.24 Under the Soviet command economy, farming was highly specialized. However, with farm restructuring, if they were going to farm sustainably farmers needed to acquire skills in new technologies, such as how to apply fertilizer and conserve water, develop a business plan, apply for credit, market their produce, and defend their tenure rights.

4.25 The gender division of labor traditionally followed in agriculture was compromised when men from the rural areas often moved to the capital Dushanbe, or for Russia or other CIS countries in order to find paid work. Women stayed home and were therefore forced by necessity to do the bulk of agricultural labor. While it may be argued that the lack of farm machinery created employment (as the ICR does), the burden was borne mostly by women, who in addition to caring for children in the absence of their husbands, also labored in the fields.

4.26 Under FPSP, training institutes were set up in order to train trainers. Three months of intensive training courses were provided in order to communicate new farming technology and also establish field demonstration sites, for which the Agro University provided plots. Following the selection of 150 trainers of trainees, they went out into the six districts of the pilot project area and trained some 18,000 farmers.

4.27 Unfortunately, the training methods used did not meet the needs of farmers. Trainers used university-style lectures to convey information, which farmers could not fully understand nor apply in the field. As demonstrated in Annex E below, little increase in crop variety and productivity can be demonstrated, except for wheat, which can be explained by seed distributed during the post-drought intervention.

4.28 Yet another shortcoming of extension services was the fact that the training of trainers was provided predominantly by and to men. Because family farms in Tajikistan are overwhelmingly run by women (since the menfolk migrated), and since according to local culture norms women are not supposed to attend official meetings, male extension trainers missed an important component of the target population which reduced the possibility of introducing change on the ground.

4.29 Training centers were established under the project to provide training and information to the farmers participating in the project, and facilities were renovated and equipped with furniture, computers, offices, publication technology, libraries, kitchens and bedrooms. However, once the project was closed, the government took most of the newly renovated facilities and equipment and put them to uses not focused on the restructured farms.

4.30 One training center, however, continues to serve the target population in the manner anticipated, although it was moved to Dushanbe, a different place than where it was established by the project, and it is now run on a for-profit basis. This newly established independent training center provides services for international donors and NGOs. At the time of the field visit, activities funded by fourteen international institutions were taking place. These involved the production of brochures and training materials, and also the use of the facilities for training. At the time the PPAR mission visited Dushanbe, the center had just trained 60 trainers in GIS technology for the ongoing World Bank-financed Land Registration and Cadastre System for Sustainable Agriculture Project. While the independent training center is profitable and meets donor demand for an outreach capacity, farmers are not willing to pay for training themselves, and the services the center provides will be sustained only as long as funding from international organizations continues.

### ***Agricultural Credit Too Costly***

4.31 It took the Bank until 2004 to set up six credit institutions, each in the form of a Non-Banking Financial Organization (NFBOs) as classified within Tajikistan's legal system. More problematic, the interest rate charged the farmers is high and difficult to repay from traditional agricultural activities. Interest rates varied between 30-37 percent depending on the NFBO (with an inflation rate estimated at 12 percent in 2003 and at 7.5 in 2006).

4.32 Field visits to two of these institutions found the following:

- NFBOs are turning a profit, not surprising given the interest charged, and they are on schedule with the repayment of their US\$200,000 line of credit. One of the NFBOs visited is planning to buy itself a permanent main office building.
- Repayment rates were initially very high (100 percent for the first credits), but they have been dropping considerably as time passes.
- Credit application procedures were kept simple and assistance was provided in formulating the required business plan.
- NFBOs provided credit not only to farmers, but also to other groups. Of the total credit extended, half went to small businesses.
- While under FPSP and World Bank supervision, more than 15 percent of credit applicants were women. By 2007, the number of women applying for credit fell to 10 percent.

### *One-time Grants*

4.33 The project provided a one-time grant to restructure farms in order to increase their newly acquired independence from state and collective farm managers. The reason for these one-time grants (modeled after the U.S. “homestead grants”) was to help farmers overcome a number of problems that hindered their ability to become independent.

4.34 The one-time grant provided to each family amounted to US\$300 per (restructured farm) hectare up to a maximum of US\$600 for farms with two hectares or more. These grants were intended to help families obtain their own inputs, such as seeds, fertilizer, and farm machinery, which were previously provided by the government, and following independence, by merchants and sometimes loan sharks. Grants were transferred into a bank account provided that families met the following criteria: 1) proof of local residency had to be provided, 2) their farming area had to be irrigated, 3) a land certificate had to be shown, 4) membership of a WUA was required, and 4) proof of having opened a bank account was also necessary.

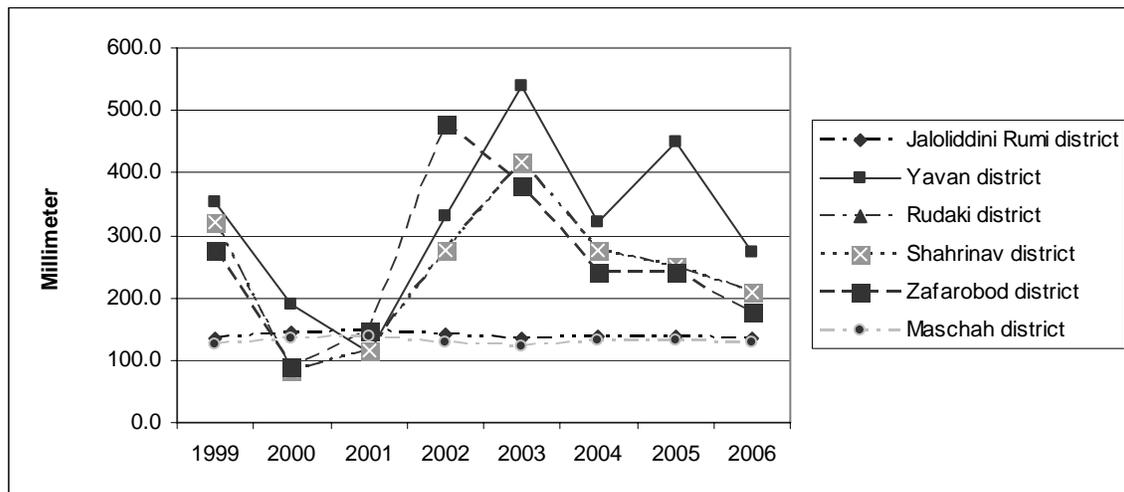
4.35 A beneficiary survey conducted in 2005 found that out of a randomly selected sample of 100 family farms spread across the ten FPSP pilot areas, 98 percent received a one-time grant. The beneficiary survey also found that while about half of the farm families (54 percent) have utilized the grant to buy farm inputs for the next cropping season, 38 percent have used it to improve housing, and 66 percent have used some of the grant funds to meet family needs.

4.36 While grants were aimed at increasing the independence of farmers, their one-time nature, and the fact that they were so often used to pay back debt or cover other deferred expenditures resulted in a very short-lived independence.

4.37 Supplemental Credit, Objective 4: To mitigate the effects of the severe 2000 drought by providing emergency agricultural inputs to the families affected by the drought; (substantial).

4.38 In 2000 and 2001 Tajikistan was just recovering from five years of civil war and two years of extreme flooding in spring and summer, which destroyed infrastructure, crops, and settlements, when it was hit by two consecutive years of drought. Figure 4 below demonstrates low precipitation during the cropping season in four out of six districts in the FPSP project area, for which data was available.

**Figure 4. Precipitation During Cropping Season (from March to August) in mm for Six Districts**

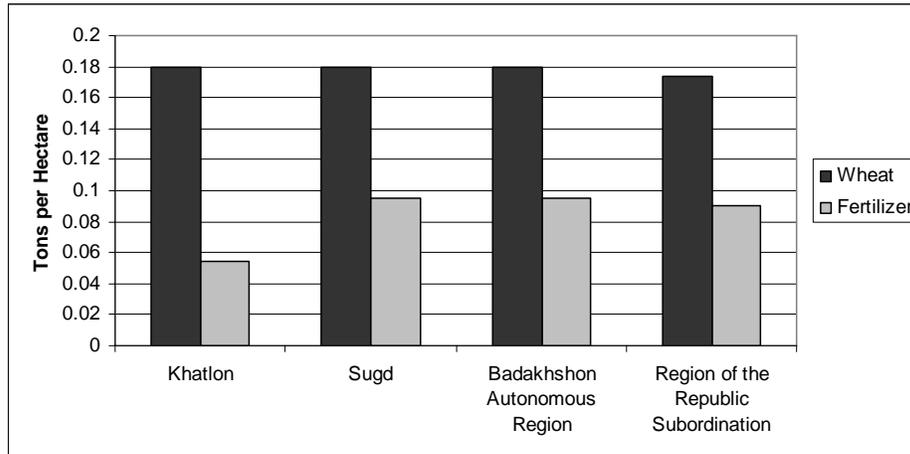


Source: IEG

4.39 In response to the drought, IDA provided a US\$3 million Supplemental Credit, which was used by the PIU to procure seeds and fertilizers. Since independence, yearly delivery of hybrid seeds from Russia had stopped, and farmers used part of their yields for the new planting season. As a result of replanting with degenerated hybrids, which lose their effectiveness in one season, yields declined. Therefore, the project reestablished the supply chain for improved seeds in order to stabilize yields for the coming years. The PIU contracted five NGOs<sup>12</sup> to deliver the seeds and fertilizer in family-sized packages to some 56,000 farm families. Overall, Tajikistan received 10,000 tons of traditional wheat seed, 500 tons of genetically improved wheat seed, and 5,300 tons of chemical fertilizers—sufficient to cover a total area of 55,555 hectares. While the southern region of Khatlon received the most seeds, and Badakhshon the least, Figure 5 shows that *on a per hectare basis*, seed distribution by region was equitable. Fertilizer distribution was not equitable.

<sup>12</sup> The following NGOs received contracts by the PIU to distribute seeds and fertilizer in all over Tajikistan: ACTED, CARE International, Global Partners, Gender and Development, and German Agro Action.

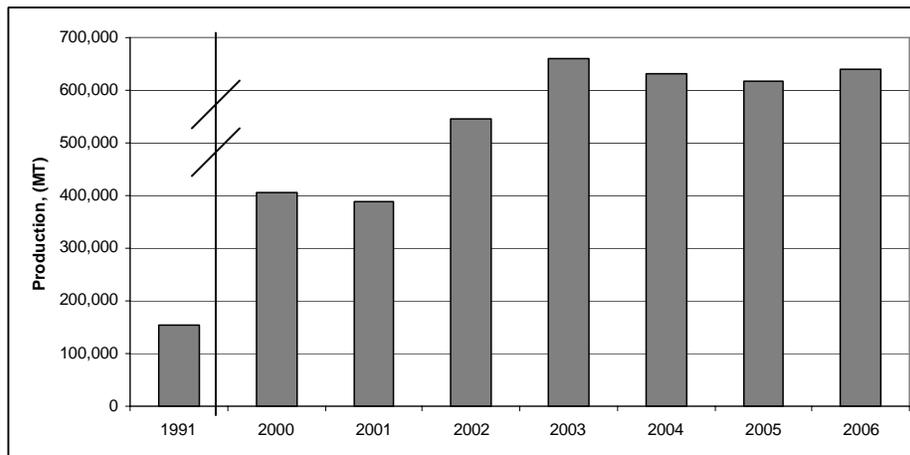
**Figure 5. Seed and Fertilizer Distribution per Hectare of Land in 2000 by Region**



Source: Tajikistan FPSP PIU

4.40 Recent years have seen a dramatic increase in national wheat yields (see Figure 6). While it is difficult to attribute the increase in wheat yield to this particular intervention alone, joint donor efforts, which provided Tajikistan with agricultural training in conjunction with humanitarian relief distributions in the form of cereal and potato seeds along with fertilizer, have contributed to these results.

**Figure 6. Wheat Production in Tajikistan (1991-2006)**



Source: Tajikistan, Resident Mission

## 5. Ratings

### OUTCOME

5.1 The outcome of the project is rated as **moderately satisfactory**. The basis for this rating is outlined in the following sections.

### RELEVANCE

5.2 The relevance of project objectives is rated as **substantial**. The project was relevant to what the 1998 CAS described as fair and equitable land allocation and distribution processes and mechanisms, as well as the development of land use rights and lease markets. The project is still relevant to what the 2005 CAS described as the Government's priorities in the agricultural sector. These priorities include continuing the farm land privatization program, improving competition in farm inputs and cotton marketing, and rehabilitating irrigation infrastructure.

5.3 The relevance of project design is rated as **modest**. Given the differences between Tajikistan and some of its neighbors, the use of a blueprint design led to a pilot that was too complex and ambitious and not tailored enough to the specific circumstances of the country. Tajik institutions at the time of project design were weak, as was the country's legal system, making it difficult to introduce land tenure security (objective 1). In the absence of a fully functioning market economy, it was also ambitious to expect the project to provide farmers with the enabling conditions to operate independently in a free market (objective 3), given that elements of the command economy were still predominant, and the transition to a market economy had only just begun to take place. Even though the very same approach to farm restructuring worked well in Azerbaijan, legal, institutional, and economic conditions were more difficult in Tajikistan and these differences were not adequately taken into account during appraisal. For example, at the time of project preparation, it was difficult for project staff to even receive a copy of the Land Code. The design of the FPSP could have focused more on securing land use rights at the central level and ensuring enforcement at the local government level. Assuming that secure land use rights could be introduced in five years was an over-ambitious objective.

### EFFICACY

5.4 Overall efficacy is rated as **modest**. There were moderate shortcomings in the achievement of project objectives. As described in detail in previous sections, ten pilot state and collective farms were restructured into 5,782 individual and family farms, with each farm having its own land certificate listing all family members. In addition, a model that proved replicable to some degree in the follow-on was created for farm restructuring. Furthermore, while rehabilitated infrastructure, training, access to credit, and one-time grants for every family living in an irrigated area have eased the transition to independent farming to some degree, overall progress has been suboptimal. A particularly successful activity under the project – the provision of improved wheat seed – has contributed to a dramatic increase in yields. Yet despite these achievements, challenges remain. Tajikistan still faces fundamental legal, cultural, and social barriers to farm restructuring.

Specifically, regarding irrigation system maintenance, lack of access to credit and machinery, and the strong interest of local governments in keeping cotton production high, restructuring has been met with significant local resistance. Furthermore, WUAs established to maintain these irrigation systems lack operating funds to keep the rehabilitated structures operating and they have been set up in a way that makes little technical sense.

## **EFFICIENCY**

5.5 Efficiency is rated as **substantial**. According to the PAD, the project's two broad types of economic benefits were the creation and promotion of a privatized form of agriculture and increasing individual families' income from farming. The estimated population expected to directly benefit from the project was about 28,000 persons who depended on agriculture as their principal source of income. In the event, the same number actually benefited.

5.6 As a result of the project, average family incomes increased from US\$1,375 in 2001 to US\$2,345 in 2005 based on household consumption surveys conducted under the project. This increase was due to higher cropping intensity and crop rotation, rather than increases in yields (except for wheat). Family incomes in non-project farms did not show such increases. For eight out of ten project farms, this meant an increase in income above the poverty threshold of earning US\$1 per day. However, despite this increase in income, privatized forms of agriculture were realized in only two of the ten farms. Because these farms did not depend on large pumping stations for water and had easy access to markets, diversifying crops and marketing them could be achieved. With respect to the eight other farms located in cotton-growing areas, privatization was hampered for the reasons explained earlier.

5.7 In terms of returns on irrigation investments, the pre-project IRR was estimated at 21 percent. Ex post analysis finds the IRR to be 21 percent, in line with initial estimates. Other economic benefits stem from an increase in cropping intensity, which increased the gross margin three to fivefold.

## **RISK TO DEVELOPMENT OUTCOME**

5.8 The risk to development outcome is rated as **substantial**. As discussed earlier (see Box 3), a number of barriers to replicating farm restructuring all over the country remain. In addition, strong vested interests in cotton still prevent farmers from determining their own crop-growing and marketing choices. According to a 2007 survey undertaken by USAID and the World Bank, respondents listed the following three major barriers to farm restructuring: 1) limited access to irrigation water, 2) lack of access to machinery, and 3) lack of cash or credit to buy inputs.<sup>13</sup> The findings of this survey underline the importance of a broad and sustained support (financial, technical, legal, organizational)

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<sup>13</sup> USAID/World Bank (2007). The survey was undertaken by the Center for Sociological Research. "Zerkalo." A sample was scientifically drawn from USAID-funded project areas, and the World Bank-financed project areas of the FPSP and the follow-up project. In addition, one hundred twenty-eight individuals were selected for the qualitative part of the study. The qualitative interviews were conducted in the three regions where the FPSP pilot project had been undertaken.

until farmers attain functional independence. The lack of farm machinery available for rent at affordable rates is being addressed in the Bank-funded follow-on project.

5.9 It is important to emphasize that farm restructuring in Tajikistan is clearly donor driven. Some 40 to 50 donor agencies working in country are currently advocating land reform for Tajikistan. The borrower was interested in irrigation system rehabilitation. The Bank lobbied for a privatized approach to farming generally.

5.10 Despite the weakening of the command economy to some extent following the collapse of the Soviet Union, elements such as quotas for cotton production still exist, and there are still powerful vested interests in other aspects of the former system. In the past, donors have proposed that new laws on land reform and cropping choice be enacted. These would reduce some of the risks to which project achievements are subject. But there is little local ownership of change. These laws tended to be prepared and funded by donors. But Parliament has been unwilling to resolve the legal issues around farm restructuring and the freedom to crop that are so important for the project's sustainability, and any resolution will take time to work its way through the system.

#### **BANK PERFORMANCE**

5.11 Bank performance is rated **moderately satisfactory** for the reasons discussed below.

5.12 Quality at entry is rated as moderately unsatisfactory: The project design was overly ambitious and complex in any case, much more so for a country that was just emerging from five years of civil war, and in which many officials had fled the country, creating a dearth in institutional memory and know-how.

5.13 Quality of supervision is rated as satisfactory: Despite the precarious security situation following the civil war, Bank supervision was extensive and resolved issues related to procurement and project management expeditiously. For example, the task manager's acquisition of the Russian and Tajik languages facilitated communication with local government representatives as well as beneficiaries. When necessary, the Bank team made use of its access to the highest levels of government in order to facilitate project implementation. However, clarifying tenure security early on could have led to the spread of farm restructuring more rapidly throughout the country. More work on donor coordination might have assisted the process. In 2003, however, the Bank began to capitalize on a united donor front, participating in regular donor meetings under the leadership of FAO aimed at inducing involved international donors to speak with one voice on privatization in their interactions with the government.

#### **BORROWER PERFORMANCE**

5.14 Overall, Borrower performance is rated as **satisfactory**.

5.15 The Government's performance is rated as satisfactory: Though initially somewhat reluctant, the government supported farm restructuring during project implementation. There was strong support from the highest levels of government and good cooperation with line ministries. However, there were difficulties at the level of

parliament with respect to legal reforms, and at the local level, which found it difficult to overcome its financial interest in the revenues that came from cotton production.

5.16 The implementing agency's performance is rated as satisfactory: The PIU was highly dedicated to making the project a success. For example, initially there were no private contractors in Tajikistan, and after the Bank suggested it, the PIU took an active role in helping set up private companies. Through close on-the-ground supervision, and careful review of procurement actions it also facilitated the introduction of good practice standards of contracting.

## 6. Lessons from the FPSP

The project experience suggests the following lessons:

- *Land tenure security and farmers' freedom to make their own management decisions are vital for successful farm privatization.* In the case of Tajikistan, strong support from the highest levels of government was not enough to restructure and privatize state and collective farms throughout the country. In cotton-growing areas, local governments were more interested in profiting from cotton production than sharing benefits with newly independent farmers.
- *International experience may enrich project design, but only when local conditions are fully taken into account.* In the case of Tajikistan, project design was overly ambitious and not tailored enough to the local circumstances, including five years of civil war and the functioning presence of aspects of a command economy. While the Bank's worldwide sectoral experience is an asset, transferring a model which was successful in one country to another country can be counterproductive if project design does not sufficiently take local conditions into account.
- *Care must be taken to identify all the factors constraining the achievement of project objectives, and then something needs to be done about each of them.* While some of the barriers to farm restructuring (such as improving access to water and credit), were dealt with at appraisal, the lack of farm machinery was not recognized as an issue, even though it was a high priority for farmers.
- *Donor coordination can assist with the propagation of major reforms.* In Tajikistan, it took the Bank until 2003 to realize that if donors would speak with one voice to the government on land reform, it might create conditions more favorable for the project-restructured farms.
- *Establishing WUAs along irrigation channels creates an incentive to tackle problems.* In Tajikistan, WUAs were set up according to political divisions like counties, but this led to users having no shared interest in improving the system being managed. Had user associations been set up by irrigation channels there would have been a strong incentive to improve their functioning by addressing maintenance preventively.
- *The experience with water measurement devices shows that installing physical devices is not enough.* The installation of meters needs to be accompanied by a public awareness campaign if changes in the rules of the game are going to lead to water conservation and other changes in practice.

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## Annex A. Basic Data Sheet

### FARM PRIVATIZATION SUPPORT PROJECT (PPFI-Q1080 & CREDIT 32400 & 32401)

#### Key Project Data (amounts in US\$ million)

	<i>Appraisal estimate</i>	<i>Actual</i>
Total project costs	23.00	24.99
Loan/Credit amount	20.00	23.00
Cofinancing	–	–
Cancellation	–	0.34

\* On January 31, 2001 a Supplemental Credit in the amount of SDR 2.4M (US\$3M Equivalent) was approved by the Board and was utilized as follows:

Signed amount for Credit 32401: 3,865,680.00

Disbursed: 3,604,541.09

Cancelled: 261,138.91 (XDR – 151,534.89 as of 03/21/006 and XDR – 10,592.70 as of 08/188/06)

#### Project Dates

	<i>Original</i>	<i>Actual</i>
Begin Appraisal	02/03/1999	02/03/1999
Board approval	06/10/1999	06/10/1999
Signing		06/21/1999
Effectiveness	07/30/1999	02/28/2000
Closing date	06/30/2004	11/30/2005

#### Staff Inputs (staff weeks)

Stage of Project Cycle	Actual/Latest Estimate	
	No. Staff Weeks	US\$ ('000)
Identification/Preparation	112	375,000
Appraisal/Negotiation	70	236,000
Supervision	190	655,000
ICR	25	74,500
Total	395	1,340,500

Includes Trust Funds for project preparation and supervision

**Mission Data**

	<i>Date (month/year)</i>	<i>No. of persons</i>	<i>Specializations represented</i>	<i>Performance rating: Implementation Progress</i>	<i>Performance rating: Development Objective</i>
Identification/ Preparation	04/27/1998	5	Agriculturist (1) Economist (1); Land Registration Spec. (1); Rural Information Spec. (1);		
Appraisal	10/15/1998	6	Agriculturist (1) Economist (1); Land Registration Spec. (1); Rural Information Spec. (1); Irrigation Spec. (1); Procurement Spec. (1);		
	05/25/1999	5	Agriculturist (1); Rural Information Spec. (1); Procurement Spec. (1); Information Technology/Accounts Spec. (1); Social Analyst (NGO), (1);		
Supervision	08/29/2000	7	Social Development (1); Procurement (1); Rural Credit (1); Agriculture, (1); Water User's Assn. (1); Irrigation Engineer (1); Water Management (1);	S	S
	03/28/2001	6	Social Development (1); Water User's Association (1); Land Cadastre and (1); GIS and GPS Specialist (1); Sociologist (1); Agriculture Development (1)	S	S
	08/28/2001	7	Environmental & Project (1); Quality Control (1); Agriculture Development (1); Irrigation Management (1); Land Registration (1); Accounts and Finance (1); Procurement (1)	S	S

<i>Date (month/year)</i>	<i>No. of persons</i>	<i>Specializations represented</i>	<i>Performance rating: Implementation Progress</i>	<i>Performance rating: Development Objective</i>
08/28/2001	1	Agriculture, Land Reg. (1)	S	S
02/27/2002	4	Irrigation Management (1); Financial Management (1); Local Institutions (1); Land Registration (1)	S	S
02/27/2002	4	Irrigation Management (1); Financial Management (1); Local Institutions (1); Land Registration (1)	S	S
10/08/2002	7	Irrigation Management (1); Financial Management (1); Ruralist/Organization (1); Agric. Credit (1); Extension & Training (1); Socio Economist (1); Land Registration (1);	S	S
02/07/2003	8	Water Management (1); Rural Institutions (1); Credit Institution (1); Agricultural Extension (1); Organizational Development (1); Social Development (1); Financial Management (1) Privatization and Irrigation (1);	S	S
05/24/2003	9	Institutional Specialist (1); Credit and Organization (1); M&E, Statistics (1); FMS (1); Procurement (1) Land Management (1); Horticulture and Crops (1); Farm Privatization (1); Environmental (1);	S	S

	<i>Date (month/year)</i>	<i>No. of persons</i>	<i>Specializations represented</i>	<i>Performance rating: Implementation Progress</i>	<i>Performance rating: Development Objective</i>
	10/20/2003	9	Social Economist (1); Social Development (1); Financial Management (1); Procurement (1); Organizational Local (1); Institutional Specialist (1); Cost and Accounting (1); Agriculture and Land Administration (1); Economist (1);		
	11/05/2004	4	Senior Agriculturalist (1); Institutional Spec. (1); Senior Economist (1); Rural Operations Spec. (1);	S	S
	10/12/2004	4	Institutional Specialist (1); Rural Development Specialist (1); Irrigation Specialist (1); Social Scientist (1);	S	S
	04/09-25/205	5	Senior Agriculturalist (1); Institutional Spec. (1); Rural Operations Spec. (1); Irrigation Specialist (1); Social Scientist (1);	S	S
Completion	11/07-4/2005	4	Senior Agriculturist (1); Institutional Spec. (1); Rural Development Specialist (1); Credit Specialist (1);		

**Other Project Data**

Borrower/Executing Agency:

**FOLLOW-ON OPERATIONS**

<i>Operation</i>	<i>Credit no.</i>	<i>Amount (US\$ million)</i>	<i>Board date</i>
Tajikistan - Land Registration and Cadastre System for Sustainable Agriculture Project	IDA-H1570 Grant	10	04/21/2005



## Annex B. Output Indicators for Irrigation Infrastructure

**Table 3. Output Table for Irrigation Component**

<b>Rehabilitated Irrigation and Drainage Infrastructure</b>	<b>Number of Structures</b>
Rehabilitation of drainage boreholes	55
Replacement of pipes (in meters)	6,924
Replacement of engines	37
Replacement of pumps	49
Provision of electrical lines and cables (in meters)	23,865
Rehabilitation and construction of pump station buildings	26
Canal excavation (in square meters)	450,426
Concrete lining of channels (in meters)	15,980
Excavation of open drainage systems (in square meters)	386,067
Rehabilitation of outlets and distribution structures	506
Rehabilitation of flumes (in meters)	3,290
Rehabilitation of roads (in kilometers)	92
Rehabilitation of closed pipes (in meters)	32,992
Repair of outlets and inlets in drainage system	170
Construction of subsurface drainage system (in kilometers)	81
Land leveling (in hectares)	548

*Source: Tajikistan, FPSP, PIU*



## **Annex C. Agencies Met in Tajikistan**

### **The World Bank, Dushanbe Office**

### **IFC, Dushanbe Office**

### **Central Government Agencies**

International Cooperation Department, Committee of Emergency Situations and Civil Defense

The Ministry of the Improvement of the Soil and Water Resources

Geodesy Cartography and Land Use Agency

### **Local Government Agencies**

State Irrigation Management Systems, Khatlon Oblast

Ministry of Water Resources and Land Reclamation

Khatlon Oblast Water Resources Ministry, Kulyab Region

Khovalink Region Water Resources Ministry, Khatlon Oblast

Mayor's Office, Khovalink Region, Khatlon Oblast

Peredvijnaya Mehanizirovannaya Kolonna in Khamadoniy Region, Khatlon Oblast

Pumping Station No.3, Yavan Region

Pumping Station No.4, Yavan Region

Pumping Station 40 years of Tajikistan (Khujand)

### **PIUs**

Implementation Center of the Land Registration and Cadastre System for Sustainable Agriculture Project

State Institute "Project Management Unit Ferghana Valley Water Resources Management Project"

Governmental Center of the Farm Privatization Support Project

Project Implementation Unit of the Farm Privatization in Yavan Region

### **National Agricultural Training Center**

### **Non-Banking Financial Organizations (NBFOs)**

Non-Banking Financial Organization, Yavan Region

"Omad" Micro-Finance Organization, Khujand

### **Water User Associations**

WUA - Water Users Association in the Yavan Region

WUA - "Mirob" Water Users Association in the Former "Leningrad" Collective Farm

WUA - "Chilton" Water Users Association in the Former "Varzob" Collective Farm

WUA - "Kanz" Water User Association

### **Other Donor Organizations**

UN ISDR

EU - Delegation of the European Commission to Tajikistan

EBRD

EU - ECHO

ADB

Aga Khan Development Network

German Agro Action – Welt Hunger Hilfe

FAO

UNDP

SIDA

DFID

FOCUS Humanitarian Assistance, an affiliate of the Aga Khan Development Network

## Annex D. Land Privatization Model: Ten Steps

*The procedures used in this farm restructuring experience were documented for eventual replication. The ten-step process is being used in the Bank-financed follow-on project.*

### **Ten Steps in Privatization and Registration of Land Parcels**

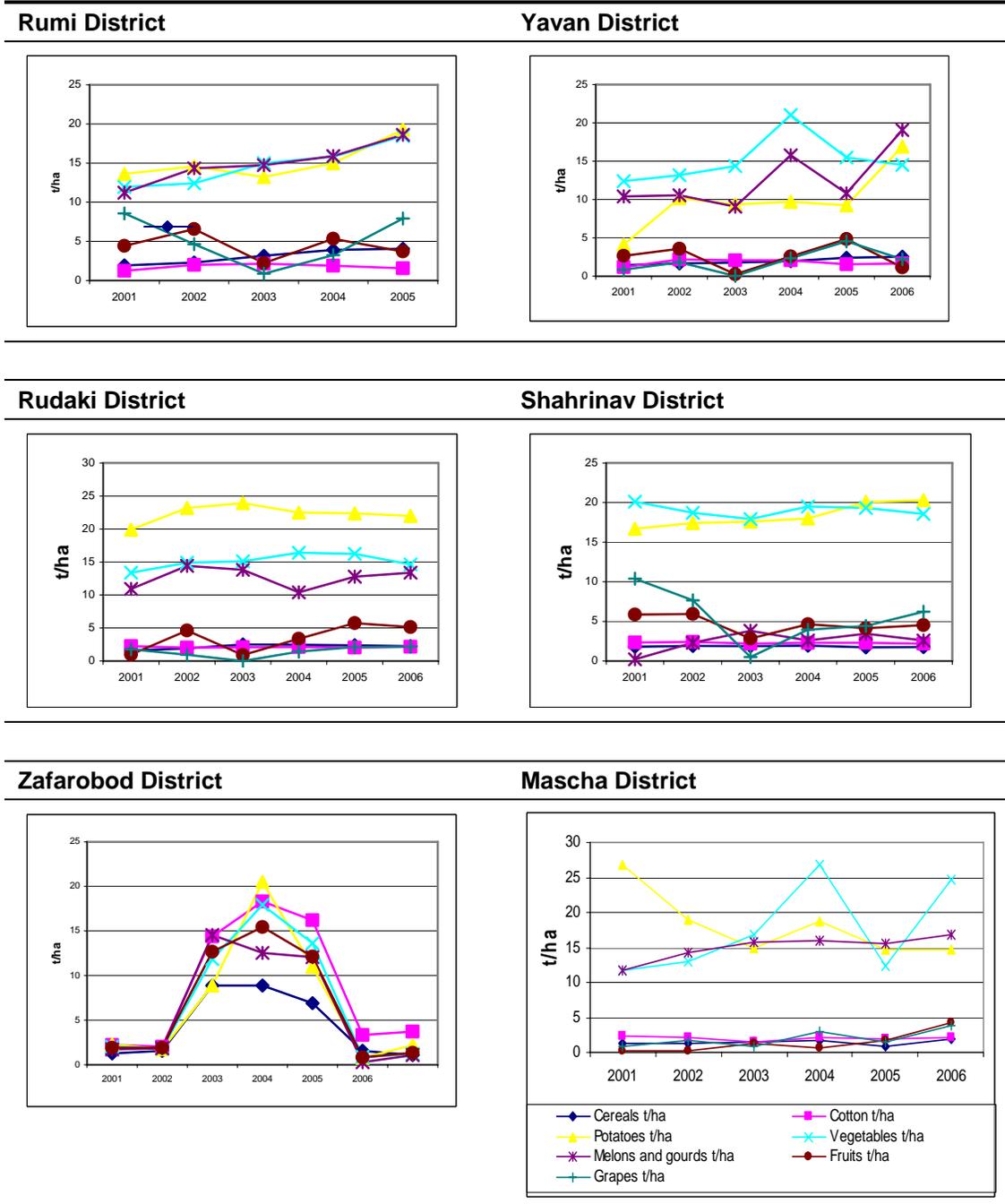
1. *Formation of local commission with representatives of farm employees, village administration, community groups to discuss in the General Body meeting, and resolve to privatize their collective/state farm by farm workers/shareholders participating and informing the district administration to form the commission for the privatization of the farm;*
2. *Take up and complete the survey of the proposed farm by the State Land Committee of the farm to be privatized, and update and prepare a 1:10,000 scale digitized map of the farms clearly demarcating the lands within each state/collective farm ownership, copped area, public arable lands, roads, canals water bodies, building and other features, arable land, pasture, forest area etc., and also the area that will remain under state and municipal ownership;*
3. *Determination of list of workers/citizens who would have rights to privatized land as outlined in draft land reform law and qualifying individuals for each farm determined by district and local agricultural reform commissions;*
4. *Determination of individual/family land share and non-land shares-based on farm size, land classification and number of citizens within the farm possessing legal rights, determined by the local commissions consisting of workers' representative group leaders and NGOs; with follow-up survey and updating of maps;*
5. *Distribution of land shares based on order, size and parcel location determined by a lottery supervised by the district and local Agricultural Reform Commissions (ARC) and traditional local representatives;*
6. *Physical demarcation of allocated parcels using stakes and boundary – surveys in presence of village public – followed by permanent boundary markings to individual land parcel owners;*
7. *Preparation of land certificates (akts) with Universal Parcel Number (UPN), and other required documentation for clearance by ARC and for the district administration and approval of ARC at Dushanbe and;*
8. *Appeal to land allocation on the decisions of parcel allocation, to local ARC, district or federal authorities if found necessary; to be addressed in two weeks;*
9. *Preparation of land certificates (akts) with coordinates, UPN and other required documentation by ARC and accord approval and send them to district administration, and records; and*
10. *Final approval of land allocation by district administration with supporting documents and akts; and issuance by district administration to the land owner.*

*Source: T.V. Sampath, 2006*



# Annex E. Crop Yields

**Table 4. Trends in Crop Yields in the Six FPSP Pilot Districts (2001-2006) for Cereals, Cotton, Potatoes, Vegetables, Melons and Gourds, Fruits, and Grapes**

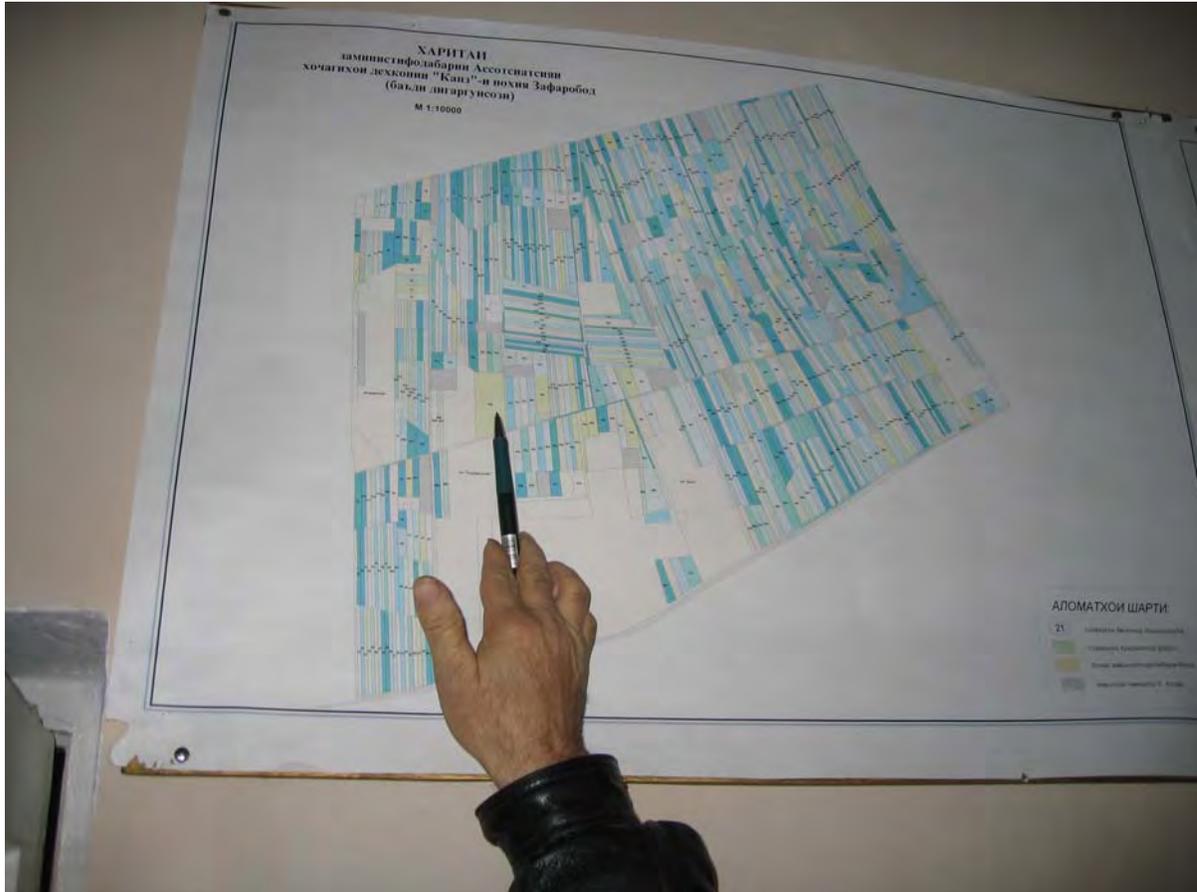


Source: The World Bank, Tajikistan Resident Mission



## Annex F. Map with Restructured Land Parcels

Figure 7. Tajik Farmer Identifying His Parcel of Land



Source: IEG



## Annex G. Borrower Comments



МУШОВИРИ ДАВЛАТИИ ПРЕЗИДЕНТИ  
ҶУМҲУРИИ ТОҶИКИСТОН

ГОСУДАРСТВЕННЫЙ СОВЕТНИК ПРЕЗИДЕНТА  
РЕСПУБЛИКИ ТАДЖИКИСТАН

№ 23.1-д / 287

«16» 06 соли 2008

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*Предмет: Таджикистан, Проект поддержки приватизации хозяйств  
(PPFIQ1080 Кредит 23400 и 32401)*

Мы благодарны Группе Независимой Оценки (ГНО) Всемирного Банка за тщательное изучение деятельности Проекта поддержки приватизации хозяйств (далее проект) и за подготовленный отчет, в котором подробно изложены степень выполнения задач в рамках проекта.

Данный проект, является одним из первых проектов Всемирного Банка, направленных на развитие сельского хозяйства Таджикистана. Проект является сложным и в основном направлен на поддержку реформ проводимых в области сельского хозяйства, также на реорганизацию колхозов и совхозов, восстановление оросительной системы и создания таких организаций, как Ассоциация водопользователей, внебанковские финансовые организации и т.д.

Проект был одобрен в июне 1999 года. Цели проекта следующее:

(i) создать процедуру и институциональные механизмы на государственном уровне в выбранных регионах с тем, чтобы обеспечить справедливую, гарантированную и равноправную передачу земли частным лицам или группам; (ii) провести апробацию и исполнение этих процедур в десяти выбранных бывших совхозах и колхозах для создания моделей, которые могли бы стать основой для практического применения в более широком географическом охвате; и (iii) создать устойчивые дехканские хозяйства, способные независимо функционировать в условиях рыночной экономики.

Еще в 2005 году Правительственная комиссия провела мониторинг и отметила, что проект соответствовал задачам, которые были определены как приоритетные в сельскохозяйственном секторе и в результате активной

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деятельности проекта, 10 пилотных колхозов были успешно приватизированы и на их основе созданы 5782 индивидуальных и дехканских хозяйств.

Также необходимо отметить, что в 2001 году был одобрен дополнительный кредит на сумму 3 миллиона долларов США, целью которого являлось смягчить последствия сильной засухи 2000 года через предоставление чрезвычайной сельскохозяйственной помощи семьям, пострадавшим от засухи. В этом плане помощь, связанная с преодолением последствий засухи: раздача генетически улучшенных семян пшеницы, удобрений и других химикатов, привела к значительному росту урожая пшеницы за последние семь лет.

Мы согласны с тем, что защита землевладения и свобода фермеров в принятии управленческих решений являются необходимыми условиями для успешной приватизации; необходима сильная поддержка правительства для продолжения реформ в области сельского хозяйства, используя опыт данного проекта.

Международный опыт дал возможность команде проекта выполнить задачи поставленные проектом, однако, команда должна была учитывать местные условия, т.е. такие факторы как обеспечение доступа к воде и к кредитам. Не было уделено также должного внимания сельскохозяйственной технике, хотя данный вопрос является чрезвычайно приоритетным для фермеров. Мы уверены, что этот вопрос важен и его следует решать на следующих этапах, координируя и тесно сотрудничая с донорами, которые поддерживают страну для успешного проведения основных реформ.

С уважением,



Давлатов М.С.

*Unofficial Translation*  
16 June, 2008

**State Advisor to  
President of the Republic of Tajikistan.**  
# 23.1-2/287

Monika Huppi,  
Head  
Sector Assessment Department  
Independent Evaluation Group  
World Bank

*Sub: Tajikistan Farm Privatization Support Project  
(PPFIQ 1080, Credit 233400, 32401)*

We are very grateful to the Independent Evaluation Group (IEG) of the World Bank for its thorough review of the activity implemented under the Farm Privatization Support Project (“Project”), and for the developed Report reflecting in details the outcomes of the activity implemented under the Project.

This Project is one among the first projects of the World Bank aimed at development of agriculture of Tajikistan. The Project is very challenging, and mainly supports the reforms implemented in agriculture, as well as reorganization of kolhozs and sovhozs; rehabilitation of irrigation system, and establishment of the organizations such as Water User Associations; non-banking financial organizations, etc.

The Project was approved in June 1999. The purposes of the Project include the following:

- 1) Development of arrangements and institutional mechanisms at governmental level in selected regions to ensure an equitable, guaranteed and equal transfer of land to individuals or groups; 2) test and introduction of the procedures in ten selected ex-sovhozs and kolhozs to develop models to use as a basis in practice in more number of districts; 3) establishment of sustainable dehkan households to independently work in market economy conditions.

As long ago as in 2005 the Governmental Committee conducted a monitoring and highlighted the Project had attained the aims determined as priority ones in agriculture sector. Given successful implementation of the Project, 10 pilot kolhozs had been privatized and 5782 individual dehkan households had been established.

At the same time it should be noted that in 2001 an additional credit in the amount of USD 3 million was approved. A purpose of the credit was to mitigate a severe drought of 2000 through emergency agriculture support to households suffered from drought consequences. It comprised the

following: delivery of genetically-improved seeds of wheat, fertilizers and other chemicals. These steps enabled to increase yield of wheat during the recent seven years.

We agree that land tenure protection and freedom of farmers to take managerial decisions are essential for successful privatization; strong support from the Government to continue reforms in agriculture using the experience gained.

International experience had provided an opportunity to the Project Team to achieve the goals of the Project, however, the Team should have taken into consideration the local environment, such as ensuring access to water resources and loans. No sufficient attention had been paid to agriculture equipment, despite this issue had a top priority for the farmers. Assuredly, this issue is still very crucial and requires resolution during the further stages coordinating and cooperating with donors giving their hands of support to the country in successful implementation of reforms.

Best regards,

Davlatov M.S.