

ADB

Development
Effectiveness
Brief

Tajikistan ▶

Rising Path to Progress

Asian Development Bank

An aerial photograph of a large dam and reservoir in Tajikistan. The reservoir is a vibrant blue, surrounded by steep, rocky mountains. In the foreground, there are several high-voltage power transmission towers and a road with a white van. The sky is hazy, and the overall scene depicts a significant infrastructure project in a mountainous region.



Development
Effectiveness
Brief

Tajikistan ▶

Rising Path to Progress

Asian Development Bank

Contents

Tajikistan and ADB: A Partnership for Growth	1
ADB's Contribution to Development and Poverty Reduction	4
Crisis Response	5
Roads to Prosperity	6
Closing the Generation Gap	9
Giving Credit: Growing Microfinance	11
Agriculture and Rural Development	11
Operational Effectiveness: Improving Efficiency and Performance	14
Future Challenges	15

Tajikistan

Development Indicators

Item	2009
Non-Millennium Development Goals	
Population (million) (2009)	7.5
Annual population growth rate (%) (2007–2009)	2.4
Adult literacy rate (%) (2007)	99.6
Percent of population in urban areas (2008)	26.5
Millennium Development Goals	
Population living on less than \$1.25 a day (%) (2004)	21.5
Population living below the national poverty line (%) (2007)	53.5
Under-5 mortality rate per 1,000 live births (2008)	64.0
Population using an improved drinking water source (%) (2006)	67.0
Income and Growth	
GDP per capita (\$, current)	667.0
GDP growth (% , in constant prices)	3.4
Savings and Investment (current and market prices, % of GDP)^a	
Investment	18.8
Gross national savings	11.5
Money and Inflation (annual % change)	
Consumer price index (period average)	6.5
Broad money	32.8
Government Finance (% of GDP)	
Revenue and grants	23.3
Expenditure and net lending	28.6
Overall fiscal surplus (deficit) ^b	(5.4)
Balance of Payments	
Merchandise trade balance (% of GDP)	(38.8)
Current account balance (% of GDP)	(7.3)
Merchandise exports growth (annual % change)	0.2
Merchandise imports growth (annual % change)	(24.9)
External Payments Indicators	
Gross international reserves (\$ million)	278.0
(in months of merchandise imports)	1.4
Debt service on PPG external debt (% of exports)	20.5
Total PPG external sector debt (% of GDP)	33.3
Memorandum Items	
GDP (current prices, million somonis)	20,623.0
Exchange rate (somon/\$, period average)	4.1

() = negative, GDP = gross domestic product, PPG = public and publicly guaranteed.

^a Private investment and savings are estimates. Investment includes changes in stocks.

^b Including Public Investment Program.

Sources: *Asian Development Bank and Tajikistan Fact Sheet, 2009*; *Asian Development Outlook 2010*; Economic Intelligence Unit; IFS Online; *IMF Country Report 09/174* (Jun 2009); *IMF Country Report 10/203* (July 2010); *IMF Regional Economic Outlook* (May 2010); *IMF World Economic Outlook* (Oct 2010).

Tajikistan and ADB: A Partnership for Growth

Central Asia's smallest country is also its tallest. Most of Tajikistan's 142,550 square kilometers (km²) is mountain wilderness, where massive glaciers surrounded by peaks soaring to 7,000 meters feed the rivers that nourish valley orchards and lowland farms and provide abundant hydroelectricity for the country's 7.53 million people. Landlocked by Afghanistan, the People's Republic of China (PRC), the Kyrgyz Republic, and Uzbekistan, and 3,000 kilometers (km) from the nearest deep-sea port, Tajikistan has poor roads, a harsh climate, and rugged geography, which conspire to make it the most isolated country in the region, with one of the world's highest transport and logistics costs.

Gaining independence in 1991 from the former Soviet Union, the new country was almost immediately engulfed in a devastating civil war, which ended in 1997 and left deep poverty, widespread destruction, and severely damaged infrastructure in its wake.

When Tajikistan joined the Asian Development Bank (ADB) in 1998, ADB, along with other

multilateral partners, marshaled financial resources and technical expertise to help rebuild the economy and reduce crushing poverty that saw 81% of the population languishing below the national poverty line.

In July 1999, continuous monsoon rains caused severe and widespread flooding and landslides. The Flood Emergency Rehabilitation Project, approved in December 1999, was the first ADB disaster and emergency assistance to the country and helped the government repair the nationwide damage. Completed in December 2002, the \$5.85 million project restored bridges, roads, schools, irrigation and water supply systems, power transmission lines, and homes.

The \$23.95 million Social Sector Rehabilitation Project approved in October 1999, was highly

ADB, along with other multilateral partners, marshaled financial resources and technical expertise to help rebuild the economy and reduce crushing poverty

ADB Loan, Grant, and Technical Assistance Portfolio in Tajikistan

	1998–2003	2004	2005	2006	2007	2008	2009	as of September 2010
Approvals (\$ million)	214	34	31	34	94	55	61	123
ADF loans	211	33	30	27	72	–	–	–
ADF grants	–	–	0.5	7	21	55	60	122
TA projects	3	0.5	1	0.9	2	0.2	0.7	0.75
Contract Awards (\$ million)	70	31	44	28	58	67	41	17
Disbursements (\$ million)	54	20	26	35	38	50	67	37
Disbursement Ratio ^a (%)	23.4	13.0	15.3	21.9	20.2	25.0	46.2	35.8

– = not available, ADF = Asian Development Fund (concessional loans and grants), TA = technical assistance.

^a The ratio of total disbursement in a given year over the net loan amount available at the beginning of the year, plus loans that have become effective during the year, less cancellations made during the year.

Source: ADB.

relevant to a post-civil war economy in the poorest country in the region and, by closure in July 2005, had benefited 2.4 million people.

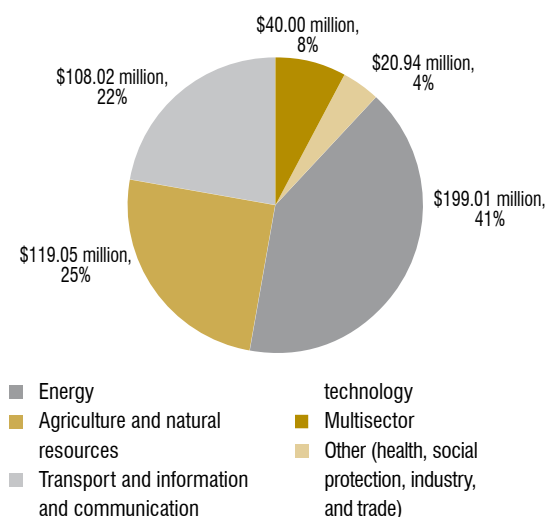
With a resident mission opened in 2003, over the last 12 years ADB has become a leading development organization in Tajikistan. In partnership with the government, ADB has helped win substantial gains in living standards for millions of poor people, by promoting social development, restoring and building infrastructure, expanding the country's agricultural production, and encouraging regional cooperation and trade.

Due to the country's poverty level, all of ADB's loan support is through its concessional Asian Development Fund (ADF). Starting in 2008, Tajikistan was eligible for grants of up to 100% of its entire ADF allocation until 2012.

By the end of 2009, the total loan amount approved by ADB for Tajikistan was \$372.5 million for 23 loans, \$34.6 million in technical assistance, and \$162.4 million in grants

ADB Loan and Grant Assistance to Tajikistan (as of 30 September 2010)

Total = \$487.02 million



Source: ADB.

By the end of 2009, the total loan amount approved by ADB for Tajikistan was \$372.5 million for 23 loans, \$34.6 million in technical assistance, and \$162.4 million in grants. The lion's share of assistance went to the priority sectors of transport



Most of Tajikistan is spectacular mountain wilderness.

and information and communication (28.29%), agriculture and natural resources (26.67%), and energy (20.27%).

In November 2009, ADB and 11 other development partners signed the landmark Joint Country Partnership Strategy for Tajikistan for 2010–2012 to enhance aid efficiency and improve donor coordination. With ADB proactively supporting it, the joint partnership has a common commitment to support national development objectives, broad-based economic growth, and human development and good governance.

ADB's country partnership strategy, 2010–2014, fully aligned with the government's National Development Strategy, 2006–2015, in which is embedded its poverty reduction strategy paper, has an ongoing portfolio of around \$280 million. ADB's country director, Joji Tokeshi, appointed in September 2010 to head up the resident mission, said ADB's long-term commitment to Tajikistan's development focuses on transport connectivity, energy security, and development of the private sector, anchored within a regional cooperation framework. Central Asia Regional Economic Cooperation (CAREC) Program.

Tajikistan and ADB:
A Partnership for Growth

ADB's Contribution to Development and Poverty Reduction

Although Tajikistan has made much progress, with poverty falling from a peak of 81% in 1999 to 54% in 2007, much remains to be done, especially in isolated rural and mountainous areas where 70% of the population is poor. Unemployment is almost 40% and the country is unlikely to meet many Millennium Development Goals by 2015. The government's Poverty Reduction Strategy, 2010–2012, serves as a medium-term program for implementing the National Development Strategy up to 2015, and defines the socioeconomic development of the country while taking into account the impact of the global economic and financial crisis.

ADB's country strategy and program, 2004–2008, is fully aligned with the National Development Strategy. The country strategy and program lays out a road map for investments and guides ADB activities, supporting the country's efforts to improve energy security and supply and transport connectivity, while irrigation and flood protection projects increase agricultural productivity.

During 2004–2009, ADB helped build or upgrade 1,200 classrooms and learning institutions, and trained 63,017 teachers, benefiting 60,500 students. In energy, ADB assisted with the installation and upgrading of about 500 km of transmission and distribution lines. Through ADB assistance,

ADB helped build or upgrade 1,200 classrooms and trained 63,017 teachers, benefiting 60,500 students

Development Outputs from ADB-Supported Projects in Tajikistan

Sector	Outputs Achieved 2004–2009
Education	
Classrooms built or upgraded (number)	1,200
Learning institutions built or upgraded (number)	127
Teachers trained (number)	63,017
Students benefiting from school improvement programs or direct support (number)	60,500
Energy	
Transmission lines installed or upgraded (km)	141
Distribution lines installed or upgraded (km)	352
New households connected to electricity (number)	51,600
Finance	
Microfinance accounts opened/end borrowers reached (number)	93,000
Microfinance loans provided (amount in \$ millions)	79
Transport	
National highways, provincial, district, and rural roads built or upgraded (km)	309
Beneficiaries from road projects (number)	1,080,000
Water Supply and Sanitation	
Water supply pipes installed or upgraded/length of network (km)	23
Already connected households with improved piped water supply	11,488
Land improved through irrigation services, drainage, and flood management (hectares)	19,776

km = kilometer.

Source: ADB.



ADB is funding a flood risk management system in Khatlon Province.

93,000 microfinance accounts were opened and 79 microfinance loans provided to beneficiaries. In transport, ADB road projects benefited over 1 million people, with 309 km of roads built or upgraded. In agriculture, 19,776 hectares (ha) were improved through irrigation, water, and flood management projects.

Crisis Response

Tajikistan's heavy dependence on remittances from migrant workers and exports of cotton and aluminum left the economy vulnerable to external financial shocks. As the global financial crisis took hold in 2008, gross domestic product (GDP) declined from a 5-year average of 8.0% to 3.4% in 2009 as remittance inflows and demand for exports dried up. Not only did remittances plummet by more than a third, severely affecting mostly poor families

and communities, but an estimated 460,000 unemployed migrant workers also returned to Tajikistan during 2009, mostly from the Russian Federation and Kazakhstan.

Initiating anti-crisis measures, the government turned to ADB for assistance. In light of the urgency to mitigate the economic and social impact of the crisis, ADB quickly mounted a mission to Dushanbe to work with the government. The \$40 million ADF Grant Crisis Recovery Support Program was approved by ADB on 6 July 2009, the grant agreement signed the following day, the program made effective 9 July, and the entire \$40 million grant disbursed to the government in a single tranche on 10 July—a record speed of processing for Tajikistan. Closed 17 June 2010, the grant helped meet safety-net spending for returning migrant workers; social assistance to vulnerable groups; support for poor regions; and expenditures on food, medicine, education, health, and social protection.



Makhkamova Kanoat, director of a district health center near the rural city of Vahdat says the Crisis Recovery Support Program helped keep the center's doors open.

Makhkamova Kanoat, director of a district health center near the Vahdat city, an hour's drive from the capital of Dushanbe said, "The entire district experienced a 30% budget cut when the crisis hit and there was no money to pay for services or salaries. The grant helped us keep the doors open." The ADB grant benefited 21,517 people in the area, helping pay the salaries of teachers and of local, municipal, and state employees, and electric and water services for the poor.

By combining transport investments with trade facilitation initiatives, ADB has helped lay the foundations for an efficient transport and trade system

Roads to Prosperity

The number-one development priority for economic growth in Tajikistan is connectivity. Roads are the dominant mode of transport, carrying 90% of passenger and 68% of cargo traffic. Without efficient trade routes with its neighbors, landlocked Tajikistan cannot easily expand its export markets. The nation's 31,800 km road networks are badly deteriorated and in desperate need of upgrading. ADB is the key donor involved in rehabilitating these crucial transport links, both domestically and across international borders. As the lead funding agency for transport, ADB has attracted significant cofinancing of \$13.5 million from sources such as the Organization of Petroleum Exporting Countries (OPEC).

Regional integration is one of the key strategic agendas of ADB in Central Asia. The Implementation Action Plan for the Transport and Trade Facilitation Strategy outlines \$21 billion of investments to upgrade six CAREC Program transport and trade corridors to international standard by 2017. This will greatly strengthen the competitiveness of CAREC economies such as Tajikistan and expand trade. By combining transport investments with trade facilitation initiatives, ADB has helped lay the foundations for an efficient transport and trade system, with the goal of Central Asia once again becoming a land-link between Europe, the Russian Federation, the rest of Asia, and the Middle East. Tajikistan is a major beneficiary of CAREC.

Through CAREC, ADB aims to reduce costs and waiting time at borders through integrated regional customs cooperation and harmonized cross-border regulation and practice. Introducing simplified procedures, joint border control, and single windows are target investment areas. Tajikistan will soon sign a comprehensive cross-border trade agreement with the Kyrgyz Republic

ADB's ongoing Regional Customs Modernization and Infrastructure Development Project, approved for \$10.7 million in November 2004, has increased the efficiency of customs and reduced transport bottlenecks at border checkpoints between Tajikistan and the Kyrgyz

Republic. Under the CAREC Program, ADB is funding the improvement of a regional 354 km road corridor from Dushanbe to the Kyrgyz Republic border in three phases for a total loan and grant amount of \$98 million. With the development of other CAREC corridors, Tajikistan could become a regional transportation hub linking the huge markets of the PRC to Afghanistan and Pakistan, and serve as a gateway to the Middle East.

ADB project implementation officer Farrukh Nuriddinov said the entire route from Dushanbe to the Kyrgyz Republic border is expected to be finished by 2013, but the benefits can already be seen on completed sections.

Near the town of Fayzabad, in a valley 500 meters from the completed first phase of the reconstructed road from Dushanbe, Odinaev Muhamadali manages one of the biggest egg factories in Central Asia. The 34.5 ha egg farm has 576 employees tending 750,000 chickens that supply 55% of Dushanbe's egg market. After transporting 400,000 eggs 46 km to the

capital city daily, 20 trucks return loaded with 74 tons of chicken feed. The \$30 million investment made to modernize the plant would not have been considered without the road rehabilitation, said Muhamadali, who calculates the company would have lost at least 25% of production to breakage on the rutted and potholed old road, to say nothing of soaring truck maintenance costs and lost time. "Without this new road our business would be severely damaged," he said.

Nuriddinov said health services are not well developed in such rural areas, and the road rehabilitation has particularly benefited those seeking aid for urgent maternity or medical emergencies.

New gas stations and other businesses have opened as traffic increases on completed sections. Local people are finding jobs in cafés, gas stations, and repair shops. The manager of Zargar Transport Service Complex said he has hired 20 unemployed locals since the company

With the development of CAREC corridors, Tajikistan could become a regional transport hub linking the huge markets of the People's Republic of China to Afghanistan and Pakistan, and serve as a gateway to the Middle East



Odinaev Muhamadali manages one of the biggest egg factories in Central Asia and says without the rehabilitated road business would have been severely affected.



Kanoat Negmatov, driver of the poultry factory Murgi Hilol is bringing eggs to Dushanbe along the rehabilitated road.



New gas stations and other businesses have opened as traffic increases on completed sections of the ADB-funded road and local people are finding jobs in cafés, gas stations, and repair shops.



Long-haul truckers fixing a tire blown on an unfinished section of the road from Dushanbe to the Kyrgyz Republic say the stretches already repaired with ADB funding save travel time, fuel, and repair costs.

opened last year. Nearby communities also benefit as they can buy cooking gas and other supplies closer to home, and prices are lower with competition.

At one roadside truck stop, Gulomov Saidjafar wrestles a blown tire from a rim with the help of Aliev Islamiddin. The pair of young long-haul

truckers drive their 10-wheelers loaded with 16 tons of cargo back and forth from northern Tajikistan through the Kyrgyz Republic to the PRC, a grueling 1,720 km trip that takes about 12 days. "This ADB stretch is the best on the whole trip, the weather means nothing here," said Saidjafar. The tire he was changing was damaged by rocks on an unfinished section closer to the Kyrgyz Republic border. "We get held up for hours on those bad stretches. We got stuck for 27 days on a freezing mountain pass in Kyrgyzstan last year."

Islamiddin said the Tajikistan–Kyrgyz Republic customs and border controls modernized under CAREC are smooth and fast. "We really need this whole route to be finished," he said. "Constant breakdowns cost everyone time and money."

**Tajikistan–Kyrgyz Republic
customs and border controls
modernized under CAREC are
smooth and fast**

Closing the Generation Gap

Tajikistan cannot progress without modernizing the electricity network, which is hampered by obsolete infrastructure systems that have not been properly maintained or replaced. Low tariffs, poor collection, system losses, low-quality maintenance, and inadequate management add to the sector's poor performance. Power cuts are frequent even in large cities, and in winter power is supplied for a few hours a day, causing hardship and discouraging private investment.

Tajikistan and ADB's long-term energy strategy is to ensure energy independence and enhance electricity export opportunities.

ADB has actively supported energy sector policy reforms and investments from the very beginning of operations in Tajikistan, with more than \$250 million in approved assistance. As the largest multilateral development partner in the sector, ADB has helped rehabilitate power supply infrastructure and develop clean, sustainable hydroelectric energy to support both demand in Tajikistan and exports to neighboring countries such as Afghanistan.

For the Power Rehabilitation Project, ADB provided \$39.95 million toward the \$75.41 million total cost, the balance funded by the Islamic Development Bank, the Swiss government, and Tajikistan's power authority, Barki Tojik. Approved in 2000, the ambitious project improved the power supply to poor communities in war-damaged areas of Khatlon Region and Dushanbe, and rehabilitated two hydropower plants. A total of 458 km of distribution networks serving 55 villages were rehabilitated and electricity supply upgraded to 21,600 poor households. Five substations were repaired, 240 km of optical fiber telecommunications installed, and the Central Hydropower plant in Khatlon rehabilitated. Substations in Dushanbe were also repaired.

A second part of the project involved Nurek hydroelectric dam, the largest in Central Asia, 75 km east of Dushanbe, which provides 75%

ADB has actively supported energy sector policy reforms and investments from the very beginning of operations in Tajikistan, with more than \$250 million in approved assistance



The ADB-funded Nurek Hydro Power Plant tailrace clearing (foreground) increased annual power generation by 95 gigawatts.



This 220 kV switchyard and a nearby 500 kV installation at the Nurek hydro power plant will be replaced with modern gas-insulated switchgear through the ADB Switchyard Reconstruction Project.

of Tajikistan's electricity, making it by far the most important power source in the country. The tailrace of the massive dam had become clogged with sediment from an adjoining creek, reducing water flow. Before the project was completed in 2009, 18 months were spent excavating 708,663 square meters of sediment, increasing the plant's annual generation by about 95 gigawatts.

Near the dam are the Nurek Switchyards, constructed in the early 1970s. Not only are the outdated 500 kilovolt (kV) and 220 kV transmission systems in need of replacement, the complex is in danger of sinking. As switchyard rehabilitation engineer Erov Salimon inspects wide

cracks in the unstable soil around the switchyards, he said, "If the ground suddenly gives way, we risk losing 75% of the power to the country. That would be a national catastrophe."

ADB has provided \$54.8 million for the Nurek 500 kV Switchyard Reconstruction Project in conjunction with a German KfW grant for the 220-volt installation, to move them to a safe location and replace the old facility with modern gas insulated switchgear, expected to be completed by 2011.

Over 90% of energy consumption is from hydroelectric generation, but still only 10% of the country's vast hydropower capacity has been harnessed. ADB is supporting efforts to export summer surplus hydroelectricity, initially to Afghanistan via the regional transmission interconnection and, in the longer term, to other Central and South Asian countries. In December 2006, ADB approved \$21.5 million for the Regional Power Transmission Project to help construct the Tajik portion of the 275 km, 220 kV double-circuit interconnection between Tajikistan and Afghanistan. The balance of the

In September 2010, ADB approved the \$122 million Regional Power Transmission Project to expand and modernize the transmission system and help boost energy trading with neighboring countries

total project cost of Tajik portion of \$109.5 million was funded by the Islamic Development Bank, OPEC Fund for International Development, the Afghanistan government, and Barki Tojik. ADB also facilitated a landmark power purchase agreement between Tajikistan and Afghanistan, which was signed in August 2008.

In September 2010, ADB approved the \$122 million Regional Power Transmission Project to expand and modernize the transmission system and help boost energy trading with neighboring countries. Besides the construction of two new 220 kV transmission lines totaling 140 km and the rehabilitation of substations, the project will help restructure the state-owned power company Barki Tojik, which, along with the government, is making up the balance of the total project cost of \$141 million.

ADB's assistance to increase Tajikistan's institutional and physical capacity will help meet domestic energy needs and solve the winter energy deficit, which discourages economic development and investment.

Giving Credit: Growing Microfinance

Private sector development is one of three priority areas of ADB's country partnership strategy for Tajikistan, 2010–2014. ADB has supported private sector growth with public management reforms and measures to improve the business and investment climate for businesses, including the use of public–private partnerships. Assistance for the rural private sector included institution building, support for better planning and policy implementation, and the rehabilitation of key infrastructure.

With about 1.4 small enterprises per 1,000 people (compared with 6 in the Russian Federation and more than 30 in the European Union), Tajikistan has a long way to go in harnessing the benefits of a thriving small business sector.

One project that helped thousands of small entrepreneurs was ADB's Microfinance Systems Development Program (first loan, 2000, \$4 million, closed in December 2006; and second loan, 2001, \$4 million, closed in October 2008). The program helped create a strong, commercially viable microfinance sector to provide the country's poor with access to financial products through sustainable microfinance institutions (MFIs). This was accomplished by promoting the establishment of a good legal and regulatory framework for microfinance, by enhancing the capacity of the National Bank of Tajikistan to regulate and supervise MFIs, and by building MFIs' institutional capacity. The program also provided credit lines to MFIs, which enabled them to expand their lending, especially in rural areas.

The results of the program were excellent. Between 2005 and 2008, the number of registered MFIs increased from 21 to 92, the number of borrowers increased by more than 350% to 93,000 (of which 45% were women), and the aggregate loan portfolio of MFIs increased from \$9 million to \$79 million.

Agriculture and Rural Development

Agriculture provides jobs for more than half the country's labor force, and in semi-arid farmland, yield depends on extensive irrigation. The nation's aging rural irrigation systems have fallen into serious disrepair after more than a decade of neglect, causing widespread water shortages, silting of irrigation channels, waterlogging, and soil salinity.

ADB's Microfinance Systems Development Program helped create a strong, commercially viable microfinance sector to provide the country's poor with access to financial products through sustainable microfinance institutions

In 2006, only 58% of rural dwellers had access to an improved drinking water source (Millennium Development Goal 7.8), according to ADB statistics. Unsafe drinking water breeds water-borne diseases and contributes greatly to poverty.

In an effort to alleviate water issues in five of the poorest farming regions in the country, in 2004, ADB approved a \$22.72 million ADF loan for the Irrigation Rehabilitation Project. The ongoing project has been restoring irrigation, drainage, and potable water facilities, supplying a total of 47,500 ha of farmland, benefiting 262,000 people whose livelihood depends solely on irrigated agriculture. In communities, 57,000 people are gaining access to safe drinking water. To assist extremely poor households, government and project officials agreed to hire, through project-financed contracts, poor and vulnerable groups from local villages for civil works. The project also provides farm support services and technologies to help farmers increase crop yields and improve farmland and water management, resulting in environmental sustainability as

The ADB-funded Irrigation Rehabilitation Project has benefited 262,000 rural people by restoring irrigation, drainage, and potable water facilities

land degradation from salinity and soil erosion diminishes in tandem with economic growth.

As the government cannot afford to repair or maintain rehabilitated irrigation systems, a critical sustainability component of the project is water service fees to provide funds to set up and maintain water users associations, 25 so far in the five districts. Asht District Water Users Association coordinator Rustam Madjidov said his group started with 300 members, but ranks have swelled to over 1,000. The district's 14,000 farmers and farm workers cultivating cotton, vegetables, apricots, and pomegranates are benefiting from the new pump station, delivering water to 300 km of rehabilitated canals, where 60 smaller pumps funnel it to various farms.

Rahimjon Muminov, director of Dehkan Farm of Muminobad, said the project has revitalized the area, with newcomers taking up farming and existing farmers expanding farms with the increase in incomes. Along the roadsides women sell extra produce such as melons. Production on Muminov's 18 ha of apricots has increased by 25%, and now that he has a reliable water supply, he is going to expand his farm, too. He used to export only to the Russian Federation, but with increased production this year he is shipping to Afghanistan, Iran, and Iraq. He said, "Now we have a car and I am sending my children to university. We are grateful for the project, it has made a big difference in our lives."



A refurbished reservoir in Khojabakirgan is part of the Agriculture Rehabilitation Project.



The ADB-funded Agriculture Rehabilitation Project brought increased crops and income for these roadside fruit sellers in Bobojon Gafurov District.

Another project, implemented from 2003 to 2009, has improved the lives of rural poor in two regions: the \$43.75 million Agriculture Rehabilitation Project of which ADB provided a \$35 million loan, with the government and beneficiaries making up the total.

The project benefited an irrigation area of 85,000 ha and 471,500 people, with improvements indirectly benefiting another 67,500 ha and 359,000 more people. Reconstruction of potable water supply systems in selected communities is also supported for 87,000 beneficiaries who did not previously have a safe source of water.

Part of the project is in Sughd Region on the Kayrakum Reservoir, where three floating pontoon stations pump water up to a storage area for irrigation of over 25,000 ha of farms. Before the floating pump station was rehabilitated, farmers like Sohboi Dodoboev were so desperately short of water that the yield from his 75 ha farm of mixed crops of cotton, apricots, and vegetables had sunk to 25% of normal and was of such poor quality he was forced to sell at prices that barely paid expenses. Now, he and his neighbors have all the water they need and the change has been dramatic. The number of poor farmworkers he employs has jumped from 25 to 105. He plans to buy apricot-drying equipment next year, which will bring four times the price in added value, and he sees the money farmers are spending improving their farms and homes filtering out into other sectors of the community of 87,000. "Our incomes have doubled. I was able to build our son and his wife a home last year," he said.

The Agriculture Rehabilitation Project benefited an irrigation area of 85,000 ha and 471,500 people



This floating pump station is in Khojabakirgan, Bobojon Gafurov District, on the banks of Kairakum Reservoir.

Operational Effectiveness: Improving Efficiency and Performance

Preparing a country partnership strategy was a time-consuming and costly exercise, often making the important document encyclopedic and difficult to read. With the country partnership strategy, 2010–2014, the resident mission has broken new ground at ADB as the first to produce the new, shorter 10–15-page reader-friendly version, down from 47 pages of the previous country strategy and program, 2004–2008, and in line with ADB’s streamlined business processes. Detailed analysis supporting the country partnership strategy is now unbundled from the main document and available electronically through ADB’s online knowledge depository.

ADB learns not only from successful projects and efforts but from those that did not work, as well.

A 2009 completion report covering the country strategy and program, 2004–2008, reports that road rehabilitation projects suffered from a lack



Rural women along the reconstructed road corridor from Dushanbe to the Kyrgyz Republic are benefiting through increased income and better access to health care.

of regular maintenance after major work was completed. The new country partnership strategy calls for more attention to maintenance, asset management, and private sector involvement.

The report also noted that ADB’s technical assistance program was spread too thinly across many sectors and themes, and technical assistance approved during the country strategy and program period did not always achieve their objectives, particularly in terms of follow-up by ADB and the government.

All 14 ongoing projects in ADB’s portfolio were rated “satisfactory” in terms of the implementation process, but feedback received from stakeholders suggested that portfolio performance could be enhanced by reducing long response times, and increasing project supervision.

With the adoption of the joint-venture approach between ADB headquarters and the resident mission, implementation work will be improved. Greater project-readiness filters (full design and procurement) will also help.

ADB scored high on responsiveness and listening to concerns of clients, who appreciated the flexible approach to implementation issues and the consideration of country conditions rather than use of a “cookie cutter” approach.

A key finding of the report was the need to be more selective and focus on a smaller number of sectors to maximize development impact. The country partnership strategy, 2010–2014, deals with this, and the active loan portfolio has been reduced.

Future Challenges

With an economy highly exposed to external financial shocks and with high rates of poverty, Tajikistan faces an uncertain future that will be decided in large measure by how successfully the government can reduce pervasive poverty, expand trade and transport routes, develop the country's enormous clean-energy potential, and encourage growth of the private sector. To tackle these difficult development challenges, ADB and Tajikistan have forged the country partnership strategy, 2010–2014, which closely aligns with government priorities and responds to the objectives of the government's National Development Strategy and ADB's Strategy 2020.

ADB and the government have agreed that as the financial envelope is limited, ADB should focus on fewer and more strategic sectors. For example, ADB will move out of agriculture and social services and leave other agencies with more experience in these areas to concentrate on them.

In energy, ADB activities over the next 5 years will include rehabilitating existing hydro plants and transmission lines; constructing new,

clean, and renewable-energy plants; promoting private sector participation; and supporting institutional and tariff reforms. ADB will help Tajikistan improve its energy security and quality of supply, eliminate its winter electricity deficit, and maximize opportunities to export its summer surplus electric energy.

ADB's future support in the transport sector will focus on domestic and regional road links, especially with the PRC, the Kyrgyz Republic, and Uzbekistan.

To promote private sector growth, ADB will support public management reforms and improvements to the business and investment climate.

ADB will help Tajikistan improve its energy security and quality of supply, eliminate its winter electricity deficit, and maximize opportunities to export its summer surplus electric energy



ADB's future support for Tajikistan's transport sector includes domestic and regional road links.

In climate change activities, ADB, along with the World Bank and other development partners, will help develop adaptation and mitigation measures. Investment priorities include alternative energy, energy efficiency, renewable energy, flood mitigation measures, and construction of reservoirs for small and medium-sized hydropower schemes.

Tajikistan is included in a regional climate change technical assistance program that covers the Central and West Asia Department countries. The program focuses on building capacity and creating awareness.

The Japan government has dedicated almost \$6 billion in Climate Investment Funds, and Tajikistan has been selected as one of nine countries in two regions to participate in the

Pilot Program for Climate Resilience, which is part of the Strategic Climate Fund, a multi-donor trust fund within the Climate Investment Funds. The program aims to encourage scaled-up action and transformational change in integrating consideration of climate resilience in national development planning, consistent with poverty reduction and sustainable development goals.

Text by James Hutchison.

The cover shows Nurek Hydropower Plant, the largest in Central Asia.

Photographs on the cover and page 14 by James Hutchison. All other photographs by Nozim Kalandarov.

For more information, please visit www.adb.org/Tajikistan/ or contact Joji Tokeshi, country director, Tajikistan Resident Mission (jtokeshi@adb.org).

Development Effectiveness Brief: Tajikistan

Tajikistan is the 25th-largest shareholder among regional members and the 33rd-largest overall. The Tajikistan government agency handling ADB affairs is the Executive Office of the President. The Tajikistan Resident Mission (TJRM) was opened in 2003 and provides the primary operational link between ADB and the government, private sector, and civil society stakeholders in its activities. TJRM engages in policy dialogue and acts as a knowledge base on development issues in Tajikistan.

About the Asian Development Bank

ADB's vision is an Asia and Pacific region free of poverty. Its mission is to help its developing member countries substantially reduce poverty and improve the quality of life of their people. Despite the region's many successes, it remains home to two-thirds of the world's poor: 1.8 billion people who live on less than \$2 a day, with 903 million struggling on less than \$1.25 a day. ADB is committed to reducing poverty through inclusive economic growth, environmentally sustainable growth, and regional integration.

Based in Manila, ADB is owned by 67 members, including 48 from the region. Its main instruments for helping its developing member countries are policy dialogue, loans, equity investments, guarantees, grants, and technical assistance.