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Project Information Document (PID)

Concept Stage | Date Prepared/Updated: 30-Nov-2020 | Report No: PIDC31062

**BASIC INFORMATION****A. Basic Project Data**

Country Tajikistan	Project ID P175952	Parent Project ID (if any)	Project Name Strengthening Post-COVID Response and Resilience of the Agriculture Sector in Tajikistan (P175952)
Region EUROPE AND CENTRAL ASIA	Estimated Appraisal Date Apr 09, 2021	Estimated Board Date Jun 30, 2021	Practice Area (Lead) Agriculture and Food
Financing Instrument Investment Project Financing	Borrower(s) Ministry of Finance	Implementing Agency Ministry of Agriculture	

Proposed Development Objective(s)

The development objective of the proposed project is to enhance resilience of the agriculture sector and strengthen agro-logistics for high-value horticultural value chains in Tajikistan.

PROJECT FINANCING DATA (US\$, Millions)**SUMMARY**

Total Project Cost	50.00
Total Financing	50.00
of which IBRD/IDA	50.00
Financing Gap	0.00

DETAILS**World Bank Group Financing**

International Development Association (IDA)	50.00
IDA Grant	50.00



Environmental and Social Risk Classification

Substantial

Concept Review Decision

Track II-The review did authorize the preparation to continue

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Other Decision (as needed)

B. Introduction and Context

Country Context

1 Tajikistan is a landlocked country with a population of 9.3 million, of which 73 percent live in rural areas. In 2019, the GDP of Tajikistan was US\$8.1 billion, translating into US\$874 of the GDP per capita. Over the past decade, Tajikistan has made a steady progress in reducing poverty and growing its economy. Between 2000 and 2018, the [poverty rate fell from 83 percent of the population to 27.4 percent](#), while the economy grew at an average rate of 7 percent per year. Yet, the country continues to face food security and nutritional challenges due to various factors such as insufficient availability of nutritious foods, seasonal fluctuations in agriculture and incomes, and reliance on imported farm inputs and foods and their price fluctuations. Currently, the country is experiencing its slowest economic growth in two decades, reflecting the partial lockdown associated with COVID-19 pandemic and associated disruptions in migrant remittances and trade activities.

2 Tajikistan economy and household consumption are highly remittance dependent. Because of the COVID-19 pandemic, an estimated total of 110 thousand seasonal migrants will not be able to travel for labor migration abroad, and an estimated 200 thousand migrants staying home, who otherwise would have left Tajikistan to work elsewhere. The Ministry of Labor, Migration, and Social Protection estimated a reduction of remittances by 20-30 percent in March 2020 compared to 2019. This has already been putting pressure on employment, thereby generating social pressure and affecting food and nutrition security. Lack of remittances and alternative employment also deprive farmers from access to agricultural inputs, further negatively impacting production levels and food availability. Declines in migrants' transfers contract household consumption, contributing to lower fiscal revenues.

3 The COVID-19 pandemic has significantly affected the economy of Tajikistan. The budget revenues contracted by about 15 percent by the end-June 2020, to which the Government responded with a corresponding contraction in expenditures. This left the fiscal deficit in mid-2020 at about 2.3 percent of GDP. With support from the IMF's Rapid Credit Facility (plus debt relief) and the ADB's budget support, Tajikistan amended its 2020 state budget in mid-summer, providing additional fiscal space for increased healthcare expenditures. The Government rolled out nationwide targeted social assistance program, providing eligible families with a modest one-off financial assistance, while providing tax reliefs to the private sector, increasing public-sector wages and pensions, and postponing tariff increases for electricity and municipal water. The Government allocated close to 3 percent of GDP for COVID-related expenditures.

4 In response to the impact of COVID-19 on the economy, the Government of Tajikistan developed two action plans, one for the COVID-19 Country Preparedness and Response that mainly relates to the health and social sector, and another for Prevention and Reducing the National Economy's Exposure to Potential Risks of COVID-19. Ensuring food and nutrition security, building resilient livelihoods and institutions, and creating jobs are integral parts of the two action plans. Provision of seeds and fertilizers is also one of the key elements of the action plan prepared by the Ministry of Agriculture (MoA).



Sectoral and Institutional Context

5 Agriculture is the main stay of Tajikistan's economy. It constitutes 20 percent of the country's GDP and provides jobs for about 61 percent of the population (2018, TAJSTAT). Yet, it has largely remained subsistence and underdeveloped characterized by low productivity and use of traditional low yielding technologies. The food sector is small and fragmented, contributing to large food and farm input imports. Tajikistan imports about 75 percent of food consumed and over 50 percent of the value of agricultural inputs such as seeds, seedlings, animal breeds, fertilizers, and farm machinery. More than 70 percent of agricultural GDP is generated by crops and the rest by livestock. Crop production is confined primarily to river valleys, where 68 percent of the crop land is dependent on irrigation. Arable land is short of supply, occupying 20 percent of agricultural land (equivalent to 980,000 ha), which puts a premium to sustainable intensification approaches needed to produce more and better nutrition foods. Approximately 86 percent of the arable land area is accounted for by ten crops, including wheat (31 percent), cotton (22 percent), barley (9 percent), potato (6 percent), apples (5 percent), grapes (4 percent), onions (3 percent), and watermelon, maize and tomatoes (each 2 percent)¹. Tajikistan imports over 50 % of agricultural inputs, including seeds, seedlings and planting materials. The availability of improved seeds, seedlings and planting materials in enough quantity and quality is critical for raising agricultural productivity and increasing efficiency of use of other inputs such as chemical fertilizers, pesticides and insecticides as well as water. As a result, farmers are suffering from lack of access to improved seeds, seedlings and planting materials. Currently, however, majority of farmers use seeds, seedlings and planting materials of local cultivars which are characterized as low yielding and impoverished, while the remaining few are using imported, which are often of suboptimal quality, not adapted/resilient to various agro-ecological zones of the country. In addition, farmers are equipped with insufficient knowledge on their handling and best usage conditions. In many remote/mountainous areas, farmers do not have access to improved seeds, seedlings and planting materials at all.

6 The nutritious status of the population remains a concern. The country has the worst nutritional status statistics in Central Asia. Nationally, stunting among children under 5 years of age declined 2 percentage points per year over the last five years, from 26 percent in 2021 to 17 percent in 2017 (the latest data available). With an annual population growth rate of 2.5 percent, however, the current rate of decline is insufficient to meet the global World Health Assembly 2025 target of a 40 percent reduction in the number of children under 5 who are stunted.

7 Tajikistan imports over 50 percent of agricultural inputs, including seeds, seedlings, and planting materials. The availability of improved seeds, seedlings and planting materials in sufficient quantity and quality is critical for raising agricultural productivity and increasing efficiency of use of other inputs such as chemical fertilizers, pesticides and insecticides as well as water. As a result, farmers are suffering from lack of access to locally produced, improved seeds, seedlings and planting materials. Currently, however, majority of farmers use seeds, seedlings and planting materials of local cultivars which are characterized as low yielding and impoverished, while the remaining few are using imported, which are often of suboptimal quality, not adapted/resilient to various agro-ecological zones of the country. In addition, farmers are equipped with insufficient knowledge on their handling and best usage conditions. In many remote/mountainous areas, farmers do not have access to improved seeds, seedlings and planting materials at all. As a result, the crops yield gap has been persistently large and agricultural labor productivity measured by value added per worker is the lowest among Central Asia countries.

8 Previous attempts to address the shortage of seeds, seedlings and planting materials, including those undertaken by the UN FAO, Swedish SIDA, and Austrian supported programs targeted certain segment of the seed, seedling and planting materials value chain hence fell short of developing a vibrant seed, seedling, and planting material sector. Efforts to strengthen the seed, seedling and planting material system should follow a value chain approach, helping the

¹ FAOSTAT.



Government move a step closer to establishing a vibrant seed/seedling sector. This approach will enable to address bottlenecks in the seed, seedling and planting material value chain encompassing the public and private sectors and help improve the enabling environment, including policy, institutions and regulatory framework.

9 Limited availability of land, small farm sizes and a larger workforce of Tajikistan point to the need for engaging more in labor intensive horticulture production, which can generate higher income per hectare. Export opportunities to the Commonwealth of Independent States and other places (e.g. Afghanistan) countries are also on the rise. Tajik yields for fruits and vegetables are still far from those of more advanced countries. Household plots for fruit and vegetables are irrigated and perform with high yields, while those of Dehkan farms are often rainfed. Large dissemination of modern intensive orchards and greenhouses could massively increase output. The 2020 World Bank report “Central Asia’s Horticulture Sector: Capitalizing on New Export Opportunities in Chinese and Russian Markets” showed a range of opportunities for increased and diversified horticulture exports from Tajikistan (and neighboring Kyrgyz Republic and Uzbekistan), as well as recommendations on how to capitalize on them. Having suitable seed/seedlings/planting materials and efficient agro-logistics and cold storage infrastructure are among main preconditions for success.

10 Tajikistan’s agriculture is significantly exposed to the climate hazards. It is the most vulnerable to drought, locusts, mudflows, landslides, heavy rains, and floods. The COVID-19 crisis has amplified the impacts of these events and exposed vulnerabilities and weaknesses in the agriculture sector and capacity to respond. Capacity to provide effective services that support impact-based early warnings, preparedness and response is highly essential in this regard. This will in turn require the presence of a well-functioning early warning, preparedness, and response systems. However, this is currently either lacking or weak in Tajikistan. Strengthening the capacity of such institutions as the MOA and other relevant public institutions is thus crucial in this regard. Countries such as Bangladesh, Cuba, India and the Philippines demonstrated that effective early warning systems can save lives and reduce the loss of livelihoods and assets particularly for the rural poor. The proposed project thus aims to strengthen the early warning and response of the agri-food sector in Tajikistan.

Relationship to CPF

11 The proposed project is well aligned with the CPF for FY19-23, the objective of which is to promote private-sector development and provide the foundation for the transformation of Tajikistan towards export orientation. It also contributes to achievement of the CPF objectives under Pillar 2 “Enhance the effectiveness of Public Administration and Tax Policy” and Pillar 3 “Increase trade and improve export potential.” The proposed project also supports building resilience and enhancing the recovery of Tajikistan from the crisis triggered by the global COVID-19 pandemic. It is aligned with Pillar 3 “Ensuring sustainable business growth and job creation” and Pillar 4 “Strengthening policies, institutions and investment for rebuilding better” of the *World Bank Group COVID-19 Crisis Approach Paper - Saving Lives, Scaling Up Impacts and Getting Bank on Track* approved by the Board in June 2020.

12 The proposed project builds on and complements to two ongoing projects related to agrifood sector development. The Agriculture Commercialization Project (ACP) that promotes an increased competitiveness of and inclusion of smallholders in dairy, fruit, and vegetable value chains, and the recently declared effective Rural Economic Development Project (REDP), which supports dairy value chains and productive partnerships and agro-tourism in Khatlon, Sughd, and RRS regions.

13 The proposed project strengthens the crisis and climate resilience of the agriculture sector, increase domestic food self-reliance and nutritional security, strengthen a foundation for increasing production and export competitiveness of the growing horticulture sector, and improve MoA’s and other relevant public institutions’ early warning and crises preparedness and response capacity. It would also contribute to the development of a viable sector of private micro, small and medium enterprises (MSMEs) in rural areas and generate employment opportunities in regions with few legal alternatives. In Uzbekistan, for example, each million-dollar invested in horticulture value chain infrastructure has helped to create 35-50 jobs, which are highly productive, able to withstand automation, and occupied largely by rural population,



third of which are women.

C. Proposed Development Objective(s)

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14 The development objectives of the proposed project are to enhance resilience of the agriculture sector and strengthen agri-logistics for high-value horticultural value chains in Tajikistan.

Key Results (From PCN)

15 The proposed project would help: (i) increase the availability of improved seeds, seedlings and planting materials that are farmer-preferred and well adapted to the different agro-ecological conditions of Tajikistan; (ii) increase the export of horticultural products and (iii) strengthen the early warning, preparedness and response capacity of selected public institutions. These results will be measured through the follow indicators:

- (i) proportion of farmers with increased access to locally produced improved seeds, seedlings, and planting materials,
- (ii) increase in volume (and value) of horticulture products exported, and
- (iii) enhanced early warning, preparedness and response systems in place and operational

D. Concept Description

16 The COVID-19 pandemic has significantly affected the world economy, the impact of which is also being felt in Tajikistan. In response to the impact of COVID-19 on the economy, the Government of Tajikistan developed two action plans, one for the COVID-19 Country Preparedness and Response that mainly relates to the health and social sector, and another for Prevention and Reducing the National Economy's Exposure to Potential Risks of COVID-19. Ensuring food and nutrition security, provision of seeds and fertilizers, building resilient livelihoods and institutions, and creating jobs are integral parts of the two action plans. The proposed project, while anchored on the two action plans, would address risks of heightened food and nutrition insecurity, especially during the winter and spring months, and in doing so, ensure proper nutrition country-wide and reduce the pronounced rates of seasonal food shortage and poverty in a more systematic manner than emergency input distributions/support practiced in the past.

17 The proposed project would also strengthen the crisis resilience of the agriculture sector, increase domestic food self-reliance, strengthen a foundation for increasing production and export competitiveness of the growing horticulture sector, and improve MoA's and other relevant public institutions' early warning and crises preparedness and response capacity. It would also contribute to the development of a viable sector of private MSMEs in rural areas and generate employment opportunities in regions with few legal alternatives.

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Legal Operational Policies	Triggered?
Projects on International Waterways OP 7.50	No
Projects in Disputed Areas OP 7.60	No

Summary of Screening of Environmental and Social Risks and Impacts

Note to Task Teams: This summary section is downloaded from the PCN data sheet and is editable. It should match the text provided by E&S specialist. If it is revised after the initial download the task team must manually update the summary in this section. *Please delete this note when finalizing the document.*

Note: To view the Environmental and Social Risks and Impacts, please refer to the Concept Stage ESRS Document. *Please delete this note when finalizing the document.*

CONTACT POINT

World Bank
Teklu Tesfaye Toli, Aira Maria Htenas
Senior Agriculture Economist

Borrower/Client/Recipient
Ministry of Finance

Implementing Agencies
Ministry of Agriculture
Anvary Nigina
Deputy Minister of Agriculture
n.abdulloeva@yandex.ru



FOR MORE INFORMATION CONTACT

The World Bank
1818 H Street, NW
Washington, D.C. 20433
Telephone: (202) 473-1000
Web: <http://www.worldbank.org/projects>

APPROVAL

Task Team Leader(s):	Teklu Tesfaye Toli, Aira Maria Htenas
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Approved By

Practice Manager/Manager:		
Country Director:	Sascha Djumena	24-Dec-2020

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