ADB

Validation Report

Reference Number: PVR-468
Project Number: 37530-013
Loan/Grant Numbers: 2313, 0072, and 0111
December 2016

Tajikistan: Rural Development Project

Independent Evaluation Department
Asian Development Bank

ABBREVIATIONS

ADB	–	Asian Development Bank
DMF	–	design and monitoring framework
EIRR	–	economic internal rate of return
M&E	–	monitoring and evaluation
MIU	–	market intelligence unit
MOA	–	Ministry of Agriculture
PCR	–	project completion report
PMU	–	project management unit
PPMS	–	project performance and monitoring system
RRP	–	report and recommendation of the President
TA	–	technical assistance

NOTE

In this report, "$" refers to US dollars.

Key Words

adb, asian development bank, collective *dekhan* farm, community-based organization, rainfed farm, rural development, rural enterprise, tajikistan, validation

PROJECT BASIC DATA

Project Number	37530-013	**PCR Circulation Date**	21 Sep 2015	
Loan/Grant Numbers	2313, 0072, 0111	**PCR Validation Date**	Dec 2016	
Project Name	**Rural Development Project**			
Country	Tajikistan		**Approved** ($ million)	**Actual** ($ million)
Sector	Agriculture, Natural Resources, and Rural Development	**Total Project Costs**	23.30	15.28
ADB Financing ($ million)	**ADF:** 8.80 (Loan 2313) 8.30 (Grant 0072)	**Loan/Grant** Loan 2313 (SDR equivalent, million) Grant 0072	 8.80 (5.92) 8.30	 2.95 (1.93) 7.63
		Borrower (SDR equivalent, million)	 1.65	 1.90
	OCR: 0.00	**Beneficiaries**	1.05	0.44
		Others	0.00	0.00
Cofinancier		**Total Cofinancing** GEF	 3.50	 2.36
Approval Date 2313 0072 0111	 29 Jan 2007 29 Jan 2007 15 May 2008	**Effectiveness Date** 2313 0072 0111	 15 Jul 2007 15 Jul 2007 –	 14 Sep 2007 14 Sep 2007 8 May 2009
Signing Date 2313 0072 0111	 16 Apr 2007 16 Apr 2007 8 May 2009	**Closing Date** 2313 0072 0111	 30 Sep 2014 30 Sep 2014 –	 12 Feb 2015 12 Feb 2015 12 Feb 2015
Project Officers	 J. F. Whittle R. Jones B. P. Tambunan	**Location:** ADB headquarters ADB headquarters ADB headquarters	**From:** Feb 2007 Jan 2012 Dec 2014	**To:** Mar 2011 Dec 2014 Feb 2015
IED Review **Director** **Team members**	 W. Kolkma, IED1 A. Brubaker, Senior Evaluation Specialist, IED1 F. Ahmed, Lead Evaluation Specialist, IED1 B. Prakash, Consultant E. Lopez-Dee, Consultant			

ADB = Asian Development Bank; ADF = Asian Development Fund; GEF = Global Environment Facility; IED1 = Independent Evaluation Department, Division 1; OCR = ordinary capital resources; PCR = project completion report; SDR = special drawing rights.

I. PROJECT DESCRIPTION

A. Rationale

1. Agriculture was Tajikistan’s economic mainstay during project appraisal. It accounted for 24% of the gross domestic product, 26% of exports, 66% of employment, and 39% of tax revenues. Of the country’s population, 64% depended on agriculture for livelihood. Since 1997, it made a considerable contribution to reducing poverty with the incidence of rural poverty falling from 83% in 1999 to 64% in 2003.The crops subsector, dominated by cotton, accounted for

74% of the total agricultural production in 2003. While crop yields markedly increased since 1998, they were still below par by regional and international standards. Growth in crop production, which from 1999 to 2003 made up 80% of the sector's growth, also outpaced that of the livestock subsector as low fertility, poor nutrition, and the lack of access to pasture lands depressed meat and milk production. Of the agriculture sector's growth, 51% came from the production of household plots with sizes that averaged only 0.2 hectares.

2. Although agriculture has underperformed, it has contributed significantly to economic growth and poverty reduction, and has considerable potential to contribute further to economic growth, rural development, poverty reduction, and exports. To reach its potential, it must overcome a number of challenges as it continues its transition to a market economy. The report and recommendation of the President (RRP) identified constraints to rural development in Tajikistan, including the limited freedom to farm and conduct business, severe land degradation, limited availability of support services, poor infrastructure, and weak institutions.[1] Addressing these restrictive conditions became an urgent agenda for the rural development project.

3. The project was preceded by a project preparatory technical assistance.[2] Completed in July 2006, this technical assistance (TA) highlighted the need for a comprehensive approach to address fundamental constraints in shifting from subsistence to commercial agriculture, including land security and business environment limitations. As a result, the project used an integrated approach to address the interrelated challenges.

B. Expected Impact, Outcome, and Outputs

4. The expected impact of the project was increased farm and nonfarm incomes of rural households to be implemented in five contiguous *raions*[3] affecting a total rural population of more than half a million.[4] The prescribed targets were (i) increased farm incomes of rural households from TJS200 to TJS580 for rainfed farms and to TJS800 for irrigated farms, (ii) nonfarm income of rural households increased by 35%, and (iii) number of poor households reduced by 25%.

5. The expected outcome was increased productivity within an environmentally sustainable framework of farms and rural enterprises in the project districts. Its corresponding targets were (i) increase of yields of rainfed and irrigated wheat, potatoes, orchards, and fodder by 2014;[5] (ii) 25% of participating farms to reach a commercial level of operation; and (iii) increase in turnover of rural enterprises.[6]

6. The project had 10 outputs expected to be delivered through the following four technical components: (i) policy and institutional development reforms, which seek to improve the security of land use rights for farmers; (ii) sustainable land management—including pasture lands, arable, and forest areas—which intends to demonstrate new techniques and approaches to

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1 ADB. 2006. *Report and Recommendation of the President to the Board of Directors: Proposed Loan, Asian Development Fund Grant and Technical Assistance Grant Rural Development Project (Tajikistan)*. Manila.

2 ADB. 2004. *Technical Assistance to the Republic of Tajikistan for Preparing the Rural Development Project.* Manila.

3 Project *raions* or districts included Faizabod, Rudaki, Rogun, Vahdat, and Varzob.

4 Footnote 1.

5 The design and monitoring framework (DMF) in Appendix 1 (p. 27) of the RRP provides the target yield estimates of these crops by 2014.

6 Targets for indicators not provided in the DMF were expected to be supplied upon completion of the baseline survey within 6 months of project approval.

grassland and livestock planning and management; (iii) agricultural and rural business support, which aims to provide demand-driven farm and rural business advisory services to farmers and rural entrepreneurs; and (iv) rural infrastructure development, which envisions to enhance the capacity of district and *jamoats* (villages) to plan and maintain infrastructure projects and improve district and community infrastructures with sustainable operation and maintenance arrangements. To meet these output targets, a project management unit (PMU) was established within the Ministry of Agriculture (MOA) with planning, procurement, accounting, and monitoring and evaluation (M&E) capacity. The project management component was to be assessed in terms of timely delivery of inputs and outputs, comprehensive and timely reporting of project progress, and an operational project performance management system (PPMS).

C. Provision of Inputs

7. In January 2007, the Asian Development Bank (ADB) approved under a single financing agreement a concessional loan of $8.8 million and a grant of $8.3 million, both from its Asian Development Fund, to finance the foreign and local currency cost components of the project, estimated to be $23.3 million. A Global Environmental Facility grant agreement for $3.5 million was also signed in May 2009. However, the total actual expenditure under the project was $15.3 million, or 66% of the RRP estimates.

8. All consultancy services were procured from the grant proceeds in accordance with ADB guidelines and the total amount involved exceeded the budget. The project contracted 170 person-months of international and 1,531 person-months of domestic consultancy services compared to the 184 person-months international and 2,076 person-months local consulting services planned at appraisal.

9. ADB classified the project as an environmental Category B, (where an initial environmental examination was required), and Category C for involuntary resettlement and indigenous peoples. From the semiannual environmental monitoring conducted, no adverse impact was observed during the project's life. The required civil works were assessed for compliance with local environmental laws and regulations before approval and funding. The project completion report (PCR) did not indicate any resettlement-related issue. From a gender perspective, the project was up to the task and addressed the needs of women in the project districts. Targets in the gender action plan for women participation in user committees and trainings were largely met (PCR, Appendix 2).

10. An attached TA grant for $0.6 million was also approved to be implemented simultaneously with the infrastructure activities. Its expected impact and outcome were (i) improved economic and social development in the project districts, and (ii) improved capacity for the *raions* in economic and social planning. As noted in the PCR (para. 42),[7] this TA grant was cancelled citing (i) substantial delays in implementing the infrastructure activities at community and *raion* levels, (ii) capacity building activities were already conducted by other agencies in some *raions*, and (iii) grant funding for capacity development already exists. Thus, the TA resources were deemed unnecessary.

[7] ADB. 2015. *Completion Report: Rural Development Project in Tajikistan.* Manila.

D. Implementation Arrangements

11. The MOA was the executing agency while the State Committee for Land Management was designated as the implementing agency for the four outputs. It was the first project for the executing agency. A high-level project steering committee was established to provide policy guidance and facilitate interministerial coordination. Within the MOA, a PMU with a full-time project director was appointed to handle day-to-day management and to liaise with ADB.

II. EVALUATION OF PERFORMANCE AND RATINGS

A. Relevance of Design and Formulation

12. The PCR rated the project *relevant*, noting that it was consistent with Tajikistan's Poverty Reduction Strategy, which recognized the importance of agriculture in poverty alleviation by increasing farm incomes and creating growth opportunities in rural services and industry.[8] The project was aligned with the country's National Development Strategy (2007–2015) and designed for an orderly long-term development process in pursuit of the Millennium Development Goals.[9] The project was also in accord with the ADB country strategy and program update (2005–2006) for Tajikistan, which justified the investments in rural development as the non-cotton sector was severely constrained by the lack of access to credit and by limited market opportunities, while both local government and community levels were also constrained by poor rural infrastructure, inadequate extension services, and weak institutional capacity.[10] By midterm, ADB priorities had, however, changed as the Country Partnership Strategy (2010–2014) decided to focus only on energy, transport, and private sector and public services.[11] This change was made on condition that the World Bank would continue to support investments in agriculture, and ADB would focus on infrastructure, specifically irrigation systems rehabilitation, and focus on the role of private sector in rural development. This was also consistent with the corporate strategy of ADB, which promoted greater selectivity in sector support and a general move away from agriculture. However, the subsequent Country Partnership Strategy (2016–2020) has reintroduced agriculture in recognition of its importance to the economy, employment, and poverty reduction. Thus, the project and its lessons remain relevant today to ADB.

13. Overall, the project design and the integrated approach were appropriate given the challenges faced in the rural sector. Despite the number of components to be managed, it was not necessarily complex. However, given the context and generally low capacity, the project design had flaws. The lessons of ADB from Tajikistan indicate that the sector struggled with weak institutions, poor governance, and the lack of country ownership. On hindsight, it is clear that more attention to basic capacity building and management were needed. Further, the credit component was not sufficiently designed to be implemented at start up and may have been too ambitious without additional institutional capacity development and buy-in from the government. This lack of government understanding of the requirements for the credit component questions the depth of consultation during preparation and the government's commitment and capabilities. In fact, a lack of government ownership was a consistent problem that limited implementation (see the discussion under effectiveness).

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[8] ADB. 2003. *Country Strategy and Program, 2004: Tajikistan*. Manila.
[9] Republic of Tajikistan. 2007. *National Development Strategy of the Republic of Tajikistan for the Period to 2015*. Dushanbe.
[10] ADB. 2004. *Country Strategy and Program Update: Tajikistan, 2005–2006*. Manila.
[11] ADB. 2010. *Country Partnership Strategy: Tajikistan, 2010–2014.* Manila.

14. On the design and monitoring framework (DMF), outcome indicators on the proportion of participating farms reaching commercial level of operation, and increased turnover of rural enterprises were not measured at baseline as performance indicators were not properly defined. Thus, it was not possible to measure these outcomes at project completion. The DMF also lacked specific indicators for many items and could not be used properly. Several of the indicators did not have baselines and no targets and, therefore, project achievements could not be measured. The PCR acknowledged in several places that the DMF indicators were inappropriate or unrealistic. For example, an indicator on restructured institutions for pasture land management was considered inappropriate, as it required the restructuring of institutions outside the project area.

15. Despite these limitations in the project design, the overall approach to addressing key issues, such as land rights, land management, and credit was appropriate and aligned with the country and ADB priorities. Thus, the project is assessed *relevant.*

B. Effectiveness in Achieving Project Outcomes and Outputs

16. The PCR rated the project *less effective* citing the nondelivery of outputs and the nonachievement of key outcome targets. The intended project outcome—which is increased farm productivity and rural enterprises within an environmentally sustainable management framework—had three indicators, namely, (i) project crop yield, (ii) farmers reaching a commercial level of production, and (iii) increases in the turnover of rural enterprises. Only crop yield was measured with most targets being achieved, but without measuring the achievements of the two other indicators, it is unclear how the impact of increased farmer incomes could be sustained or even delivered.

17. The delivery of output targets was also inconclusive. For example, the component on policy and institutional development had mixed results. This pertains to the achievements under the output—to strengthen improvement in the land registration systems to minimize the interference by district administrations. Although 97% of *dekhan* farms received their land certificates from a target of 100%, only 15% of these farms were women-owned, against a target of 30%. Surveys of farmers showed that district administrations still interfered and threatened the withdrawal of the certificates. The project also resolved 77% of land disputes as against a target of 100%. Due to the delayed mobilization of consultants, the improved pasture law was enacted only in year 6 of the project. This, however, is expected to have a positive impact in strengthening farmer rights.

18. Under the sustainable land management component, the output on improved institutional capacity demonstrated new techniques and approaches to improve pasture lands. Ten pasture user societies were put up by year 6, which prepared eight annual grazing plans and longer-term pasture management plans in four districts. These areas later became the focal points for the participatory rural assessments and for demonstrating improved pasture productivity, and enhanced pasture land management and livestock production systems. This output also targeted the provision of advice and further training by establishing a new cadre of skilled personnel. The project (i) developed a curriculum on pasture management, and provided training for 100 participants (including 30 women) on sustainable pasture arable land and forestry management, and 60 participants (including 10 women) on the restoration and greenery planting of pasture lands, (ii) delivered short-term courses, and (iii) upgraded and equipped the teaching facilities of the Tajikistan Agrarian University. It also established links with training institutions in the People’s Republic of China and the United States. The rehabilitation of degraded lands was also targeted but attempts to assess the degradation of these lands at the

district level ceased when the Central Asian Countries Initiative for Land Management (CACILM) withdrew its collaboration with the project. Nevertheless, 10 community forest groups (compared to the target of five) were established by project completion. In summary, although a number of activities were concluded, with a shortened implementation period due to the delayed recruitment of consultants, the indicators for improved land condition and biodiversity status, improved winter feeding, and economic performance could not be assessed. Just below 60% of the total allocated funds for this project was utilized.

19. A third component was to strengthen agriculture and rural business support. While a number of outputs were achieved, the most significant in this component—a rural credit line—was not achieved. A business advisory center in each of the four districts to provide trainings and services for farmers was delivered and business plans, bank accounts, and board of directors were established. These centers had a semblance of financial independence but these were not privatized as expected under the project. As planned, the centers enhanced staff capacity by delivering training programs and materials for almost 4,000 farmers, and supported the establishment and expansion of 57 enterprises. The market intelligence unit (MIU), was set up late, and had a shorter implementation period. At project completion, only 15% of the *dekhan* farms were being reached by MIU from its target of 50%. The lukewarm response of farmers to MIU services due to user fees imposed also impacted on the success of the unit. The cancellation of the crucial microfinance credit facility negatively impacted the beneficiaries' capacity to adopt modern technologies and improved management practices. At the end of the project, only 10% of funds allocated for this output were utilized.

20. The fourth component on rural infrastructure development included 32 infrastructure subprojects, selected from 100 sites based on consultative meetings between *raion* authorities and community groups mobilized in each *raion,* and later approved by ADB for financing.[12] However, four subprojects costing $0.61 million were declared misprocured by ADB resulting in the government providing additional funds amounting to $0.56 million to complete them. Bid evaluations for five other subprojects were not endorsed by ADB and were eventually dropped. The total loan amount disbursed was just over 69% of the targeted allocation, thus, reducing the achievement of this output.

21. Most of the project covenants were complied with as scheduled. Six covenants on the relending activity became irrelevant due to the latter's cancellation. The covenant that mandated a semiannual implementation review of the project was also not complied with. The reduced scope of consulting services constrained the borrower from fully developing the curricula for pastureland management. Delayed procurement of consulting services, which subsequently held off the preparation of a sector assessment and an enabling law for sustainable pastureland management, and the conduct of the baseline survey, resulted in the late compliance of three related covenants.

22. Both the Government of Tajikistan and ADB had a role in limiting effectiveness. The government's commitment to the project was deficient from the start. This was exhibited by the discussions on the taxation of consultants, poor governance on procurement by the executing agency, recurrent changes in the position of project director, and failure to conduct joint review missions.

[12] At the design stage, the eligible infrastructure subprojects included rehabilitation of irrigation and drainage systems, road and bridge access, drinking water supplies, and small-scale electricity generation and distribution.

23. The credit component was hindered by lack of clarity and changing guidance from ADB on the credit component, coupled with the government's reluctance to either act as the financial intermediary for the credit facility or to provide a suitable alternative. The latter eventually forced the cancellation of the project's relending activity and deprived farmers of the opportunity to access credit to support the adoption of improved farming practices. Despite protracted negotiations, ADB and the government failed to agree on any other qualified microfinance institution to replace the Ministry of Finance. Further, the attached TA grant, which was approved along with the project, could not be implemented due to slippages and delays. It had to be cancelled despite that fact that it was largely focused on building capacity for better planning and management, which was clearly lacking. The project is assessed *less than effective*.

C. Efficiency of Resource Use in Achieving Outcomes and Outputs

24. The PCR rated the project *efficient*. The aggregate economic internal rate of return (EIRR) was estimated at 18% at appraisal and 12.9% at completion, showing the EIRR on completion to be slightly above the ADB benchmark of 12% for declaring a project efficient. To strengthen its assessment, the PCR stated that the EIRR on completion conservatively included only 80% of the estimated benefits, and included the costs but not the benefits of the rural infrastructure subprojects, resulting in a 15.5% EIRR.

25. The sensitivity analysis for the 12.9% EIRR finds that if crop and livestock yields do not increase beyond 2015 levels, a lower EIRR of 8.9% can be assumed, taking the project below the 12% benchmark. To achieve the 12.9% EIRR, the analysis assumed that improved yields from both crops and livestock would result in sustained increases in farmer incomes for almost 13 years after project completion. Given that the project did not deliver a number of outputs and key outcomes on raising crop yields, a consistent increase in yields beyond the 2015 level may be unrealistic. For example, the PCR stated that "should the agricultural advisory centers and MIUs discontinue operating, project sustainability in terms of continued growth in crop and livestock economic benefits is substantially at risk…if there is no growth, the project EIRR is only 5.9%." The PCR also assessed the sustainability of the agricultural advisory centers and MIUs as less likely. Thus, this validation finds the 12.9% EIRR optimistic.

26. Delays and shortened time period for implementation resulting in underspending contributed to limiting the benefit stream in the economic analysis. A number of important activities that could have contributed to additional project benefits and strengthened the EIRR did not happen, which led to underspending. Additional benefits could have been provided by the rural infrastructure subprojects, which was 30% underspent. The cancelled credit line resulted in 90% underspending on the output of strengthened agriculture and business support. Finally, the budget for the output on improved pasture, arable, and forest land management was only 60% utilized compared to that set at appraisal. If these funds were effectively utilized, they would have raised the EIRR and strengthened the key assumption in the sensitivity analysis as these actions would give confidence in the assumption that higher yields could be maintained.

27. On process efficiency, the tax issue raised in international consultancy considerably delayed the project start-up and much of the required consulting services were either reduced in scope or duration. Delays in recruiting consultants and in preparing procurement documents that subsequently held up contract awards and limited the scope of M&E largely contributed to the inefficiency and underperformance. Similarly, the procurement of civil work contracts suffered delays. These were found unacceptable by ADB and declared them misprocured. The PPMS was set up but the required baseline data gathering was not fully accomplished. In this

sense, the process efficiency of the project was weak. Given the issues above, the project is assessed *less than efficient*.[13]

D. Preliminary Assessment of Sustainability

28. The PCR rated the sustainability of the project *less likely sustainable.* The PCR did not estimate a project-wide financial internal rate of return although farm-level financial analysis—using crop budgets or farm models—was conducted separately for irrigated and rainfed *dekhan* farms and collective *dekhan* farms. Increases in incomes were noted from all types of farms, including increased returns to farm labor. Farmers' participation was facilitated in the development and operation and maintenance of rural infrastructures, including their equity contributions, but results were below expectations. Women's participation was encouraged to raise their awareness on land code-related rules and processes at the district and village levels. Sustainable land management seminars, skills training, community organizing, and technology transfer activities allowed the women to gain confidence and to play important roles in farming operations and community-based organizations. An overriding concern during implementation was the low utilization of MIU services and the resulting poor user fees collection, which negatively impacted on the expected outcomes. It was even more likely that MIU operations would be further curtailed with the transfer of vehicles and other assets from the MIU and the advisory centers to the government. The absence of credit support to farmers to facilitate the uptake of improved farm inputs and farming practices was another concern. For these reasons, this validation assesses the project *less than likely sustainable.*

E. Impact

29. The PCR did not provide an explicit rating for the project impact. However, it indicated that the annual income of rural households in 2014 from rainfed and irrigated farming averaged TJS9,545 compared to the appraisal targets of TJS580 for rainfed farms and TJS800 for irrigated farms. However, much of the increment originated from remittances of household members working abroad and could not be attributed to the project. Any increase in returns to farm labor remained unspecified at completion. Nonfarm income estimated in 2014 was TJS6,908 on average, representing a 92% increase from the 2010 level of TJS3,601 or about threefold increase from the RRP target. The targeted reduction in the number of poor households also did not materialize as anticipated at appraisal. Households with per capita income of TJS61–TJS100 per month fell from 41% in 2010 to just 36% while those with per capita income of TJS60 per month or less dropped from 26% in 2010 to 22% in 2014. Both reductions were targeted at 25% during appraisal. Full benefits in terms of increased crop, meat, and milk production, and diversification to other nonfarm enterprises had yet to be achieved. Capacity-building activities and project management support for community-based organizations improved their capabilities to operate and manage small irrigation systems, village potable water schemes, and roads and bridges. Another benefit was the increased participation of women in implementing the project as shown in their noticeable involvement in organizing and strengthening the users' organizations, training and technology transfer, and in collaboration activities with community development officers of the executing agency. Based on these, this validation considers the impact of the project *moderate.*

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[13] The regional department did not agree with the downgrade of the PCR rating.

III. OTHER PERFORMANCE ASSESSMENTS

A. Performance of the Borrower and Executing Agency

30. The PCR rated the performance of the borrower and the executing agency *less than satisfacto*ry. It noted the government's commitment to implement the project primarily by supporting legal and institutional reforms necessary for a holistic and coordinated approach to rural development. The government enacted an improved pastureland law. This was outweighed, however, by the government's repeated failure to award the requisite consulting contracts and mobilize the international consultants as scheduled, thus, delaying civil works, various assessment studies, and the provision of business advisory and market intelligence services. The project also failed to comply with ADB procurement guidelines, which resulted in investigation and declaration of misprocurement on civil works contracts by the Office of Anticorruption and Integrity of ADB. The government's reneging on its commitment to act as the financial intermediary for the credit line severely constrained the uptake of improved technologies and farm management practices by the beneficiaries. The project director was also changed three times over the 7 years. Based on these, the borrower's and executing agency's performance is assessed *less than satisfactory.*

B. Performance of the Asian Development Bank

31. The PCR rated the performance of ADB *satisfactory.* ADB carried out one inception mission, five review missions, one midterm review mission, four special administration missions, and one project completion review mission. ADB promptly acceded to the government's requests for adjustments in project scope, design and implementation arrangements, reallocation, partial cancellation of loan and grant proceeds, and creation of two imprest accounts. ADB is recognized for demonstrating stringency in resolving issues related to the ADB anticorruption policies, and displayed flexibility in guiding project management on implementation. The continued supervision by ADB project officers and analysts through the Tajikistan Resident Mission helped to address implementation issues and properly guide the PMU in steering the project to completion. However, all these efforts could not overcome the ambitious project design and challenging situations on the ground. While the design may have been reasonable on its own, it was not ready for implementation by the government. ADB was slow in responding to the Ministry of Finance reneging on its earlier commitments and in redesigning the project to help achieve the outcomes. While it is unfortunate that the government was unable to find a viable commercial bank that could pass the ADB due diligence criteria, it took too long for a viable alternative to be found, resulting in the cancellation of the credit line. ADB did not comply with the loan covenant that mandated a semiannual implementation review. The covenant stated that semiannual reviews would be conducted until such time when ADB is satisfied, and only then annual reviews would be sufficient. This was a budgetary decision by ADB. As noted earlier, the project may have been closed prematurely. Overall, this validation considers ADB performance *less than satisfactory.*[14]

IV. OVERALL ASSESSMENT, LESSONS, AND RECOMMENDATIONS

A. Overall Assessment and Ratings

32. The PCR rated the project *less than successful* with core criteria ratings of *relevant, less effective, efficient,* and *less likely sustainable.* The project could not deliver fully on its objectives

[14] The regional department did not agree with the downgrade of the PCR rating.

given the ambitious project design and the challenging situation on the ground. The time available for implementing the project was drastically curtailed, which limited the achievement of key outputs and outcomes. This validation assesses the project *less than successful* with subcriterion ratings of *relevant, less than effective, less than efficient*, and *less than likely sustainable.*

Overall Ratings

Criteria	PCR	IED Review	Reason for Disagreement and/or Comments
Relevance	Relevant	Relevant	
Effectiveness in achieving outcome	Less effective	Less than effective	
Efficiency in achieving outcome and outputs	Efficient	Less than efficient	The assumption that increased yields from both crops and livestock would result in sustained increases in farmer incomes is unrealistic given that key outcomes and a number of outputs related to raising crop yields were not delivered. Hence, an EIRR of 12.9% at completion is questionable (paras. 24–27).
Preliminary assessment of sustainability	Less likely sustainable	Less than likely sustainable	
Overall assessment	**Less than successful**	**Less than successful**	
Impact	Not rated	Moderate	Household poverty reduction was not achieved. Reported increased income originated from overseas remittances (para. 29).
Performance of the borrower and executing agency	Less than satisfactory	Less than satisfactory	
Performance of ADB	Satisfactory	Less than satisfactory	ADB was slow in responding to the credit line issue and in finding a viable alternative. As a result, the credit line part of the loan was canceled (para. 31).
Quality of PCR		Satisfactory	Refer to paras. 35–37.

ADB = Asian Development Bank, EIRR = economic internal rate of return, IED = Independent Evaluation Department, PCR = project completion report.
Source: ADB Independent Evaluation Department.

B. Lessons

33. This validation concurs with the PCR that implementation delays, reduction in scope, and the cancellation of the attached TA could have been averted if the project during implementation, dealt with the following issues early on: (i) careful selection and recruitment of project leaders, (ii) simplified civil works contract management and supervision, (iii) limited the number of clearly defined DMF indicators with verifiable quantitative targets, (iv) simplified and coordinated arrangements for contractors' payments, and (v) clearly defined policies on ownership of project-procured assets. This validation further emphasizes the value of

undertaking a comprehensive baseline study in the project management cycle and a not too complicated and ambitious project design.

V. OTHER CONSIDERATIONS AND FOLLOW-UP

A. Monitoring and Evaluation Design, Implementation, and Utilization

34. The PPMS was established about 3 years after the project commenced. Its initial task was to build baseline data for the project, which was not fully delivered. The RRP stated that DMF indicators without targets would be identified during the baseline survey to be conducted within the first 6 months of implementation (footnote 5). However, the baseline was not conducted until August 2010 and did not identify all indicators. The missing DMF targets were not updated. With this information missing, the PMU could not conduct periodic monitoring and assessment of project results.Project management failed to support these activities adequately and to recognize their benefits. The PMU, nonetheless, complied with the regular progress reporting requirements of the ADB.

B. Comments on Project Completion Report Quality

35. The PCR was candid, easy to read, and was consistent with Project Administration Instructions 6.07a. However, there were some inconsistencies between the text and the appendices. For example, in para. 22, it stated that few farmers were likely to request and pay for the services of the MIU but in the economic analysis (Appendix 10, para.5), it stated that there was willingness among farmers to pay for these services. In another example, it talked about the fiduciary challenges of corruption that led to ADB funds being canceled, yet audit reports were declared to be in order. Further, there could have been better consistency in how achievements were measured for the EIRR and how they were presented in the DMF. It was not clear as to how many indicator achievements were based on the impact study commissioned by the Government of Tajikistan and from the M&E system of the project.

36. The PCR has in-depth analyses often found in its appendices. Useful appendices included those explaining issues on the credit line, and the project's noncompliance with ADB procurement guidelines. The appendix on economic analysis was also more detailed than many PCRs. However, in its text assessment of the core evaluation criteria, the PCR fell short in providing adequate evidence to substantiate its ratings. There were considerable issues in the logic behind the EIRR calculation and the inclusion of benefits. A more systematic discussion on benefits and costs at completion, which had optimistic assumptions, and a more comprehensive sensitivity analysis would have been useful. The PCR also did well in presenting unintended outcomes. While highlighting the major government shortcomings that hindered the project's implementation, the PCR did not try to explain why the government proved to be so difficult on certain issues.

37. The PCR, by and large, drew lessons and recommendations based on evidence found on the ground. However, some recommendations referred to evidence that was presented for the first time under lessons, such as the effective transfer of project vehicle and equipment to the MIU, and the challenges to disbursement owing to the complexity of the withdrawal application process. Overall, this validation finds the quality of the PCR *satisfactory* but borderline.

C. Data Sources for Validation

38. The RRP, PCR, loan review and special administration mission reports, and project processing documents were used as data sources for this validation.

D. Recommendation for Independent Evaluation Department Follow-Up

39. None is recommended.