

MODERNIZING FOREIGN ASSISTANCE
INSIGHTS FROM THE FIELD: TAJIKISTAN

MAY 2009

On the cover:

Rasht Valley in the eastern part of Tajikistan.

Marhabo, 14, returned to school as part of a

Save the Children project focused on getting girls re-enrolled in school through creating child-friendly

environments at schools with the support of

communities and children's clubs.

With support from the Hewlett Foundation, Save the Children USA and UK are collaborating on a research and advocacy program, examining the impact of aid at the country level and distilling best practices for policymakers.

The research contained in this report draws upon information that was gathered by Save the Children during a series of interviews and project visits conducted in Tajikistan in December 2008 by Carolyn Long, Ismoil Khujamkulov, and Bahriiddin Shermatov. The research team gathered data from representatives of the United States Agency for International Development (USAID), other United States (U.S.) government agencies, international non-governmental organizations (NGOs), representatives of the Government of Tajikistan (GOT), other donors, and the beneficiaries of U.S. foreign assistance.

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Acronyms

ADB	Asian Development Bank	ICG	International Crisis Group
CDC	Centers for Disease Control and Prevention	JCSS	Joint Country Support Strategy
CAIP	Community Action Investment Program	NDS	National Development Strategy
DA	Development Assistance	NGOs	Non-Governmental Organizations
DAC	Development Assistance Committee of the OECD	ODA	Official Development Assistance
DFID	Department for International Development	OECD	Organization for Economic Co-operation and Development
DOD	Department of Defense	PCI	Peaceful Communities Initiative
EU	European Union	PEPFAR	President's Emergency Plan for AIDS Relief
FSA	Freedom Support Act	SWAp	Sector-wide approaches
FY	Fiscal Year	U.S.	United States
GHAJ	Global HIV/AIDS Initiative	USAID	United States Agency for International Development
GOT	Government of Tajikistan	WUA	Water Users Associations

Save the Children is conducting research into the effectiveness of U.S. foreign assistance and producing case studies on a series of countries in Africa, Asia and Latin America. Save the Children believes that to become more effective, U.S. foreign assistance, which should prioritize poverty reduction, needs to be modernized to better address the challenges of the 21st century. To achieve this, we offer the following recommendations for the reform of U.S. foreign assistance:

- Improve the **internal coherence and responsiveness** of U.S. government development policies and foreign assistance;
- Enhance **local ownership and long-term sustainability** of U.S. development and relief initiatives;
- Focus on **better coordination** with other partners in the development community, both national governments as well as foundations and other nongovernmental partners;
- Increase **accountability for results**.

Key Findings

- **Overseas development assistance (ODA) decreasing while need remains:** Tajikistan has significant strategic importance to the U.S., sharing an almost 1,000 mile border with Afghanistan, but this has not been reflected sufficiently in U.S. budgeting or staff. At the very time Tajikistan is becoming economically and politically more fragile, with a poverty rate of over 50 percent and remittances from abroad dropping dramatically, total overall ODA may be dropping for a third consecutive year in FY2009, from a peak of \$276 million in 2005.
- **Insufficient attention to poverty reduction:** The U.S. strategy towards Tajikistan has emphasized short-term security and stability interventions to stabilize a former Soviet Republic and more recently to shore up Afghanistan's northern neighbor, rather than the empowerment of USAID to encourage long-term and sustainable people-focused development. In FY 2008, only about \$21 million went to activities that can be considered 'Economic Growth' and 'Investing in People', as compared with nearly \$29 million for 'Peace and Security' efforts.
- **Smart power, smart development:** Reducing poverty and increasing local-level entrepreneurial endeavors is what USAID does well; in Tajikistan this could both produce economic results for poor communities as well as improve attitudes towards the United States. For instance, a USAID project doing community level capacity building combined with narrowly targeted legislative reform has led farmers to use new rights to gain access to land. Yet, a relatively small portion of the U.S. assistance budget is devoted to such programs.
- **Alternatives to national alignment:** Sometimes working closely with a central government is problematic. Our research found that many donors are unsure of the Government of Tajikistan's commitment to development, and have concerns about the Government's poor fiduciary performance and the high turnover of staff in critical bureaucratic offices. When a national government is either unwilling or unable to fully engage and lead the development process, coordination among donors becomes critically important.
- **Successes in capacity building at the local level:** USAID has had much greater success at strengthening the capacity of local-level government officials than with efforts to work with the government at the central level. Combined with programs for strengthening community-based organizations, citizens are increasingly empowered to advocate for their rights with local governmental authorities.
- **Lack of authority and flexibility:** With budgets and overall strategy set in Washington, and only a tiny country office in Tajikistan (not a USAID Mission) with little decision-making power, the U.S. does not have the flexibility or authority to respond quickly to local needs and cannot coordinate easily or in a timely way with other donors or government authorities.
- **Growing role of non-OECD/DAC donors:** Increasingly important contributors to development financing globally are bi-lateral donors that are not members of the traditional donors of the Organization for Economic Co-operation and Development, Development Assistance Committee (OECD/DAC). In Tajikistan, the Chinese provision of soft loans, expected to total approximately \$1 billion between 2006–2010, dwarfs U.S. foreign assistance. The U.S. and other traditional donors have yet to determine the best way to coordinate with these new donors. Without increased coordination, DAC donors risk losing influence and leverage with Tajikistan because non-DAC donor aid is often unconditional and therefore favored by the national government.

Country Background

The Republic of Tajikistan is a landlocked, mountainous former Soviet republic, sharing a nearly 1,000 mile border with Afghanistan. In 1991, Tajikistan gained its independence following the collapse of the Soviet Union, only to plunge into a five-year civil war from 1992–1997. Although no open conflict has erupted since then, recent reports by the Congressional Research Service and the International Crisis Group portray a country headed towards failure.¹



Tajikistan is the poorest of all the former Soviet republics.² A majority Muslim nation, the country's growing population

numbers just over 7.2 million³ with 40 percent under 15 years old.⁴ Post-civil-war recovery combined with increasing remittances from abroad brought significant improvements: an 81 percent poverty rate in 1999 dropped to 53 percent by 2007⁵; and the average annual GDP growth was 8.7 percent for the period 2000–2007.⁶

The recent global economic crisis combined with Tajikistan's heavy reliance on remittances (recently projected at over 40 percent of GDP⁷) threatens to reverse gains in poverty reduction. Remittances have begun decreasing (down 35 percent from February 2008 to February 2009)⁸ and some of the nearly one million overseas workers have already begun returning home.

The fragility of Tajikistan is underscored by the near-failure of its energy infrastructure during the last two winters, which resulted in widespread power cuts. There is also a heavy dependence on imported food — 56 percent of the population is undernourished.⁹

Foreign assistance to Tajikistan

Since 1991, with the fall of the Soviet Union, international donors have provided assistance to Tajikistan as part of their efforts to assist former Soviet republics in their transition to pluralism and free market economies.

As a result of its civil war, almost half of all donor aid through 2002 was provided for humanitarian purposes, including food aid.

Figure 1: Total ODA has declined rapidly at a time of heightened need for this country, the poorest of all former Soviet republics.¹⁰

Figure 1: Total ODA to Tajikistan 1992-2007 (net disbursements)

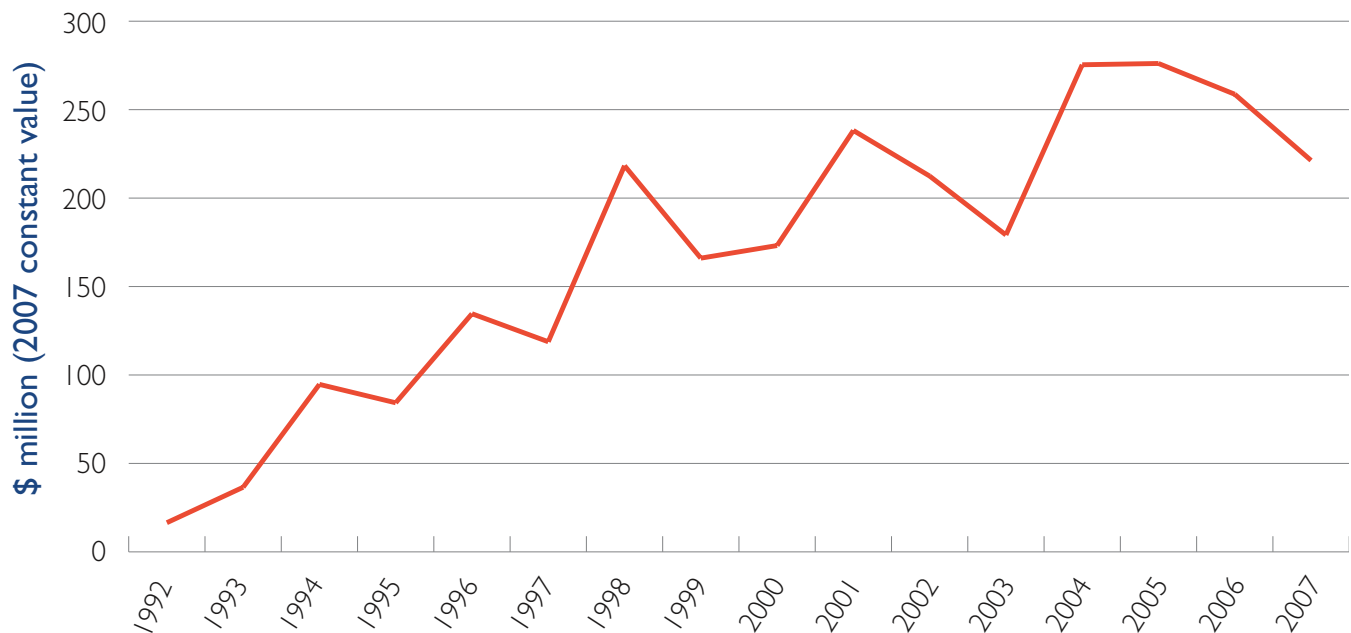


Figure 2: Top Ten Donors of gross ODA (2006-2007 average) US\$ (millions)

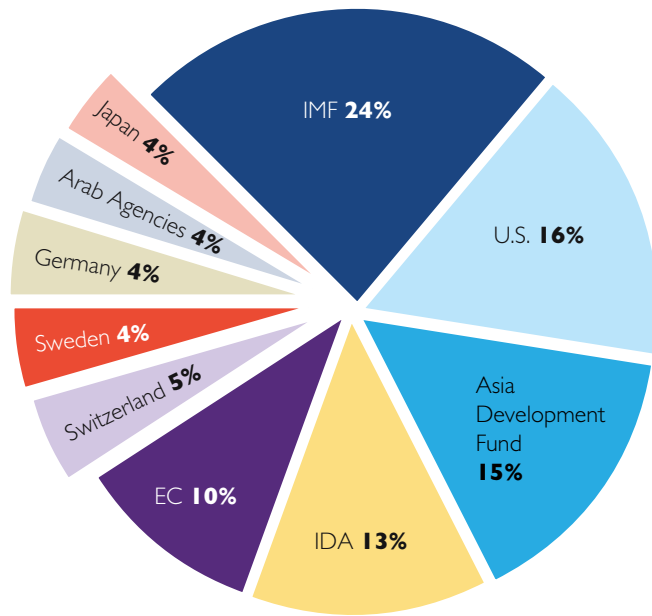


Figure 2: The top ten donors to Tajikistan are multilateral entities, including the EU (66 percent) and other DAC donors (33 percent). Non-traditional donors, like the Arab agencies in ninth place, play an increasingly important role in the aid landscape. Note that these OECD data do not include Chinese soft loans.¹¹

With the end of the civil war in 1997, donors began providing aid for economic growth, agriculture, health and education.¹² Recently, there has been a renewed focus on food security in recognition of Tajikistan’s heavy dependence on imported food and high rates of malnutrition.

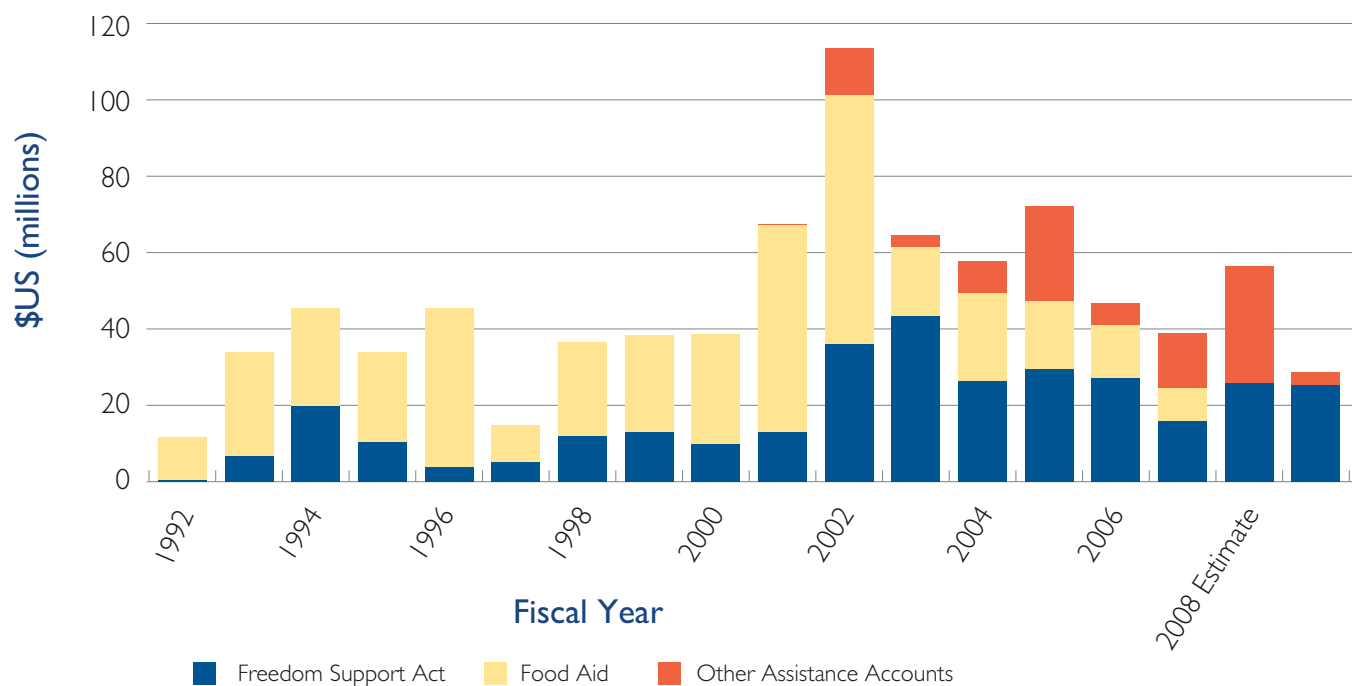
Over the last 16 years, total official development assistance (ODA) to Tajikistan has generally trended upwards, albeit erratically, peaking at \$276 million in 2005. However, since then some donors have decreased assistance, considering that the time for post-Soviet “transitional” aid is well past.¹³ Since 2005, aid dropped 20 percent (\$55 million) in just two years¹⁴ and the decline looks set to continue, despite the European Union (EU) exhibiting renewed interest in Central Asia.¹⁵

Declines in overall ODA seem badly timed — Tajikistan has grown increasingly fragile over recent years, the global financial crisis is hitting the country, not least by impacting the country’s income from remittances, and shoring up recent declines in poverty rates will be necessary.

U.S. Government Assistance to Tajikistan

As with other DAC donors, U.S. government assistance to Tajikistan commenced with the fall of the Berlin wall and was channeled through the Freedom Support Act (FSA). The FSA authorized funding for former Soviet republics to help them become stable, pluralistic and prosperous. The provision of FSA funds, which were targeted essentially to prevent a collapse of newly formed States, was motivated by significant political, military, humanitarian, and economic concerns.

Figure 3: Total U.S. Government Assistance Obligated by Fiscal Year¹⁶



The United States has been the largest ODA donor among both bi- and multi-lateral donors until 2007. The majority of early U.S. assistance was food aid (1992–1997), but after the civil war ended in 1997, the United States began to provide other economic assistance as well, almost entirely through the FSA.

Security assistance provided both through the State Department and by the Defense Department (DOD) began after the terrorist attack of September 11, 2001 with what appears to be a very significant input in 2002 and somewhat irregular amounts thereafter. See figure 3.

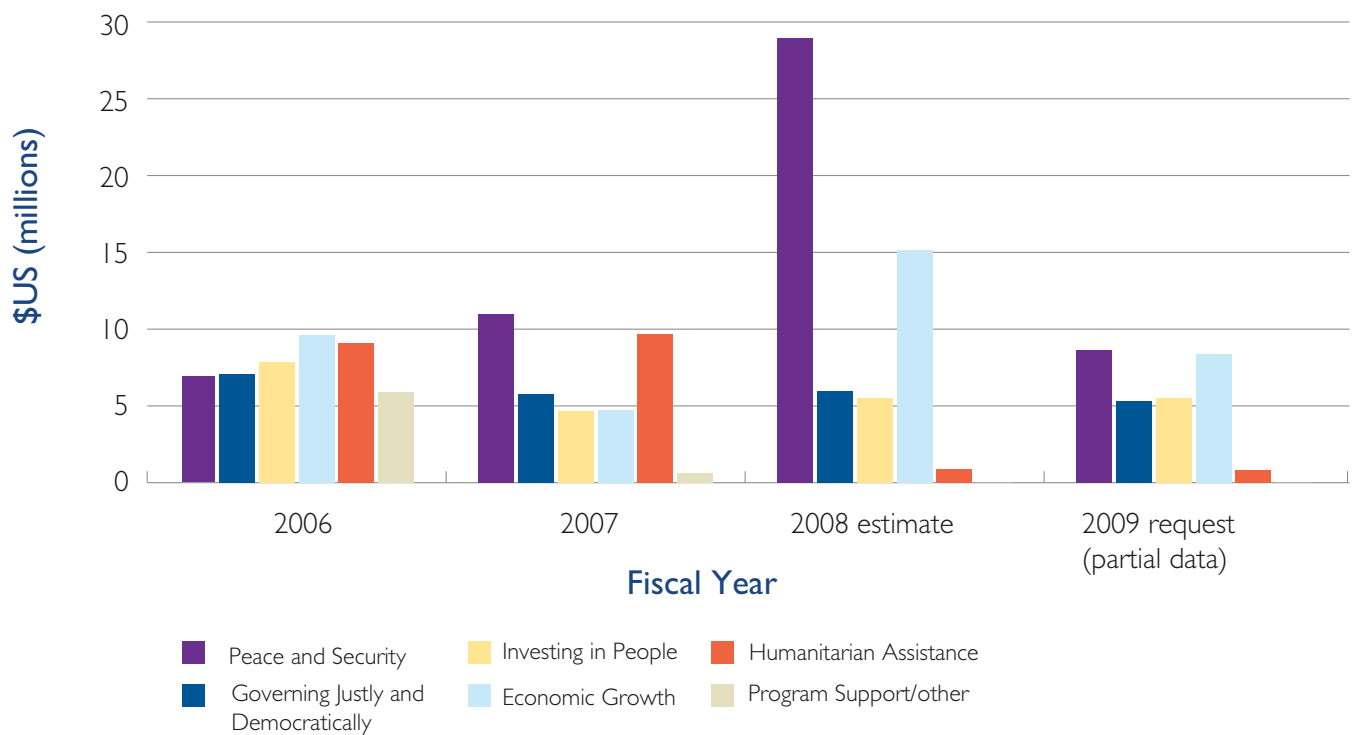
The United States’ emphasis, as reflected in its funding decisions, continues to be on ‘Peace and Security’ in a volatile region. The ‘Peace and Security’ objective has commanded the most funding of all five program areas since 2007. See figure 4. These funds are used for border security between Tajikistan and Afghanistan, counter-terrorism and counter-narcotics, strengthening the country’s armed forces, and law enforcement capacity.

Funding figures for the DOD’s activities in Tajikistan are difficult to confirm but the U.S. Embassy in Dushanbe provided some figures to the Save the Children research team. In FY 2008, in addition to funds from FSA and other development sources, DOD provided \$15 million for border security, counter narcotics, renovation of border posts and infrastructure. Another \$9.9 million¹⁷ was transferred to the State Department and USAID from DOD (through Section 1207) for community policing (\$2.2 million) and community development (\$7.3 million) among other activities. Added to funding already available through FSA, total funds for Peace and Security functions was about \$28.9 million.

Support to strengthen border security, counter-narcotics efforts, democratic reform, health, education and economic growth is key to improving Tajikistan’s role as a bulwark against regional threats, such as terrorism and drugs. [emphasis added]

—Congressional Budget Justification 2009, p. 595

Figure 4: Total U.S. Government Assistance by Program Area¹⁸



Improving U.S. Development Coherence

Tajikistan does not appear to be receiving the considered attention and appropriate resources from U.S. policymakers, that would appear justified given the geo-strategic importance of Tajikistan with its physical proximity to Afghanistan, the nation's overall fragility, and the millions of Tajiks hovering on the edge of extreme poverty.

Mechanics of internal coordination in place

Tajikistan has only three U.S. government entities implementing funding on the ground, and a very small amount of PEPFAR funding,¹⁹ making internal coherence and coordination presumably much less challenging than in other countries. Furthermore, USAID is the only U.S. development agency in the country. The Centers for Disease Control and Prevention (CDC) is implementing one health program through temporary visits and oversight from CDC staff based in Kazakhstan.

The engagement of the U.S. Ambassador to Tajikistan on development matters also reportedly facilitates in-country coordination among U.S. government entities, as do two Embassy working groups, one on security, border control and law enforcement, and one on development, that meet regularly to encourage coordination and coherence between the U.S. agencies working in country: State Department, DOD and USAID. Many implementing partners told the research team that they felt well-informed of USAID activities and plans in country due to the personal engagement of U.S. staff with them.

Minimal development presence

One of the central challenges facing USAID in leading a more comprehensive and sustainable development program in Tajikistan is its very small in-country presence. The USAID presence in Tajikistan is so small that it is hardly surprising that a voice from the field for development is not heard in Washington. The Dushanbe USAID office is a representational office, with the regional management office for USAID based in Almaty, Kazakhstan.²⁰ Correspondingly, Dushanbe's requests for traditional development funds to address longer-term poverty reduction and growth needs have yet to be positively received in Washington.

There is only one USAID Foreign Service Officer in Dushanbe (the USAID representative), one personal services contractor, and six foreign service nationals. Compared with other countries with similar sized programs, USAID is understaffed. In FY2008, Mali had a budget of nearly \$28 million and a staff of 11 Foreign Service Officers and four personal service contractors or other staff. Similarly,

Nicaragua had a slightly smaller budget than Tajikistan of nearly \$26 million but nine Foreign Service Officers and three personal service contractors or other staff.²¹

We need a five-year strategy with guaranteed funding and flexibility. Planning and budgeting year-to-year and not knowing what you're getting — that's a problem.... Let the country teams have more input to the budgets and planning.

—U.S. government employee in Tajikistan

Dushanbe USAID staff also do not have the final authority for design and implementation of programs in the country, although they are involved in writing Requests for Applications and selecting contractors and grantees. Requests for Proposals are issued and all contracting done in Almaty, Kazakhstan.

A missed opportunity for soft power by smart development

Many interviewees said that the United States is missing an important opportunity in Tajikistan by not putting more funds towards use of its "soft" power, i.e. economic and poverty reduction-oriented assistance, programs for which the United States is viewed as having real strength and expertise. The appropriateness of certain security interventions such as securing weapons of mass destruction is granted, but interviewees said that programs aimed at producing positive economic results for families at the grassroots might be more effective in winning friends and security for the United States than the current mix of programs aimed at extremism, narcotics and border patrol.

The results from years of effort by USAID at central level governance reforms, and democracy promotion at the national level have not been satisfactory. Work at the national level is very difficult, especially in areas of democratic governance, media freedom, and development of political parties due to governmental controls of political debate.²²

In contrast, development work and democracy promotion at the local level have produced significant results in several instances. USAID projects that focused on agricultural production, irrigation, land reform, and promotion of small and medium enterprises have succeeded in improving livelihoods and reducing poverty. However, only a relatively small portion of the total U.S. budget for Tajikistan has gone to such efforts over the past several years. For example, in FY 2008, about \$15 million went to Economic Growth activities as compared with nearly \$29 million for peace and security efforts.

FY2008 may have signaled a turnaround: State Department's request for funding for Economic Growth increased by \$3 million in 2008 with a little more requested in 2009. The biggest boost for economic growth activities may have come from the provision of \$7.3 million in funds from DOD for community development, indicating that at least one U.S. agency appreciates the importance of soft power.

External factors also undermine field based coherent strategic vision

The local USAID office has been advocating for long term funding streams focused on local level economic growth and social sector engagement, but Washington has not been listening. Local strategic advice and plans for a smart, coherent development approach emanating from USAID in Tajikistan are too often ignored because:

Twelve-year-old Sayokhat with wheat from her family farm. Save the Children's household agriculture project is USAID-funded.

- ...poverty reduction *per se* is not a goal of the U.S. approach to the former Soviet Union nations. FSA objectives identify stability, security of weapons of mass destruction and support for transitions to democracy and free markets as top goals. Thus poverty reduction has not been emphasized despite the fact that the majority of the Tajik population live under the poverty line.
- ...overall FSA funds are managed by the State Department because of the politically strategic objectives of the FSA. State Department's recent focus on Transformational Diplomacy tended to promote security and governance rather than economic growth and poverty reduction as most potentially transformative.
- ...the war in Afghanistan brought about increased support for security reforms in Tajikistan oriented towards controlling the Afghan border but did not focus much attention to development.
- ...Transformational Diplomacy reforms of 2006 re-centralized decision-making regarding planning, strategy, and funding levels back to Washington D.C., and away from the realities on the ground.²³



Enhancing Local Ownership and Long-Term Sustainability

For donors intent on building local capacity and ensuring sustainability and local ownership, Tajikistan presents a significant challenge and conundrum: it is a nation lacking some of the capacity necessary to achieve widespread growth and there are questions about the government’s commitment to engage in the comprehensive reforms necessary for sustainable development. How should a donor build local capacity and ownership in such circumstances?

When the recipient nation is unwilling or unable?

Ideally, the recipient government ought to determine its development agenda; and donors should strive to align their programs with that agenda, and use government mechanisms wherever possible. At the present time, many donors feel this is not possible in Tajikistan given what the World Bank describes as “the country’s weak institutions and poor governance.”²⁴

The Government of Tajikistan is seen by many development stakeholders as having mixed commitment to its own National Development Strategy (NDS).²⁵ Commentators told the Save

the Children interviewers that they believe the Government views the NDS as primarily a mechanism for securing donor funds. Donor representatives said the NDS lacks credibility: is too aspirational, has too many priorities, and carries a price tag twice the national budget.

The extent of alignment between Tajikistan and its donors is thus equivocal. Government expenditure in social sectors, particularly health and education, is low by international standards. In 2006, Government expenditure in education and health care was 4 percent and 1.4 percent of Gross Domestic Product, respectively, with almost a quarter of the national budget going to social sectors.²⁶ By 2009 however, the percentage was up to 37 percent of the national budget. All DAC donors have also invested in the social sectors, likely a reflection of perceived need: 50 percent of all bilateral funding for 2006/07 has gone to the social sectors of education, health and other social sectors.

Instead, donors are focusing their “alignment efforts” on the second Poverty Reduction Strategy (PRS) which was jointly prepared by the Government of Tajikistan and the World Bank. The PRS addresses institutional and economic reforms, promotion of strong, sustainable economic growth and improvement of the social sectors.

Figure 5: Bilateral ODA by Sector (2006-2007)²⁷

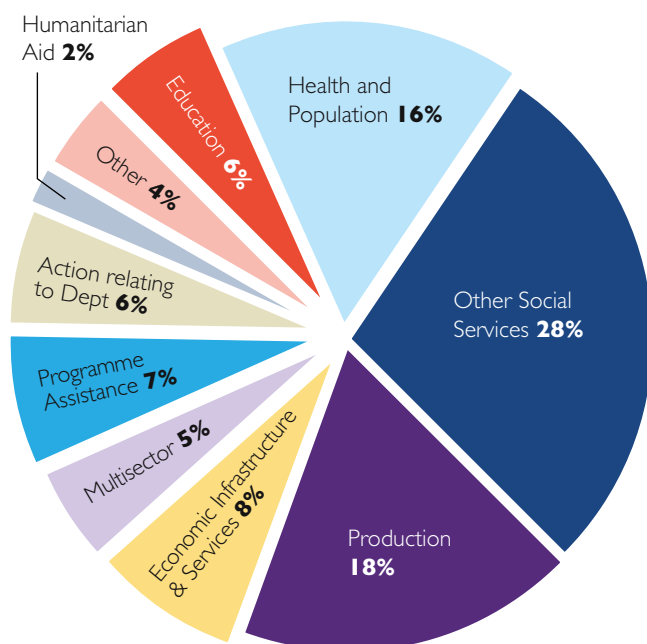
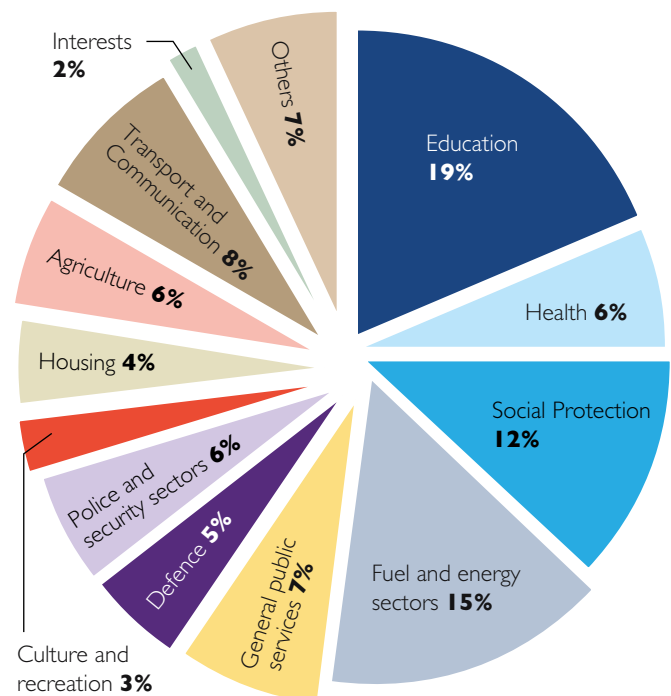


Figure 6: 2009 Tajikistan State Expenditure by function (Source MTEF)²⁸



It's good to give the money to the Government in order to empower them. Our experience here and elsewhere is mixed but it's a learning process for everyone. We agree with the Government to build capacity.

—Multilateral donor

In spite of questionable fiduciary practices by the Government of Tajikistan, several donors, including the World Bank, the Asian Development Bank, and the EU, have entrusted the Government with the responsibility of managing funds through direct budget and sector support, in some instances, or, more often, through sector budget support. These donors

concluded that despite the risks, it was important to provide funding in this manner to develop the Government's capacity. Following a late 2007 discovery by the IMF that the Government had provided "inaccurate" information regarding serious financial violations underway since 2001,²⁹ some donors reported in interviews that they have stopped providing budget support to the Government until an IMF-mandated audit had been completed.

Other donors have been more cautious. Besides one small US\$50,000 grant that the Government of Tajikistan managed, the United Kingdom has not given budget support of any kind but expects to provide sectoral budget support in the near future to work on fiduciary challenges in the health sector — following a positive World Bank fiduciary assessment done in April 2008. The U.S. government works almost exclusively through project support, as is its practice in most countries.

Case Study I: Soft power, smart development

Two successful USAID programs illustrate that effective poverty reduction and economic growth are possible at the local level. Indeed, increasing income and empowering people may do much to promote stability and democracy in the longer term.

Centralized controls, the end of the Soviet era and the civil war combined to cause severe disruptions in the agriculture sector which previously employed two-thirds of the country's labor force.³⁰ Farmers lacked the resources, management and technical skills to keep critical irrigation canals functioning properly resulting in decreased agricultural output and economic decline. Under a five-year cooperative agreement awarded in 2004, an international NGO, working at the grassroots level, achieved significant success in addressing these challenges.

The NGO hired and trained local people as community organizers, used participatory methods to create democratic, self-governing water users associations, and provided technical assistance and training to rehabilitate the irrigation canals. As of mid-2008, thirty Water Users Associations (WUAs) were functioning as well as one WUA federation.

Transparency, good governance and fair representation of the farmers are resulting in increased organizational capacity of the WUAs and effective management of the irrigation systems by the farmers themselves. Because of the vastly improved use of land and water resources, agricultural productivity is increasing along with farmers' income; and environmental problems are being minimized.³¹ WUA managers reported to the

researchers increased crop yields of 40-50 percent in 2008.³² In addition to managing the water, they are also developing cooperative marketing efforts in order to sell their produce in nearby towns, and this year, for the first time, exporting persimmons and grapes abroad.

Local ownership of the project is broad: although the original expectation was that farmers would bear 10 percent of the costs, they ultimately provided 31 percent; and local Ministry and government officials have been fully involved and informed of progress, participated in meetings and helped to resolve problems.

Another project, implemented through a three-year contract to an international development consulting firm, facilitated critical land reform measures and at the same time educated farmers about their new land rights and provided them with legal assistance to pursue and claim those rights.

The consulting firm established a government-led Working Group on Structural and Land Reform to assist the Government of Tajikistan to draft and pass amendments to the Land Code to improve land tenure security for farmers. Government Resolution No. 111, passed in mid-2007, allows farmers to choose the crops they wish to plant and sell them to whomever they choose. At the same time, the project educated farmers about their land rights through mass media, education, and training; and provided legal assistance to farmers through Legal Aid Centers run by local NGOs.³³ As farmers learn of their rights and receive project assistance, they are beginning to successfully challenge local authorities and investors (often the same persons) who try to continue to force them to grow particular crops.

Local and civil society interventions as a path to local ownership and sustainability

In states such as Tajikistan, where there are significant challenges to overcome in institutional and governance capacity, capacity building is one of the few avenues open to donors who seek to ensure national ownership of the development process.

USAID in Tajikistan aims to build local ownership in the government through capacity building of specific government personnel at both national and local levels. At the national level, efforts to strengthen capacity are difficult given that senior civil servants in almost all ministries are transferred very frequently. At the local level, however, such efforts are more effective because officials remain in their posts for long periods of time and are receptive to donor efforts to improve their skills. In some instances, there have been excellent results.

....for programs of 2–3 years' duration, there is no trace afterward. It takes 10 years at a minimum and 5 years at an absolute minimum. There are a lot of pilot programs here because of limited funding by donors.

—Multilateral donor

USAID has also had some success at building capacity at the grassroots level where communities and local government officials are most responsive to participatory development assistance. *See case studies.*

Money is reaching the poorest. Stepping away from long-term community-based programs is a mistake...USAID had been carrying out such programs in a number of places and doing a great job but moved away from it.

—Representative, U.S. NGO

In the past, when USAID was less focused on short-term outputs, USAID awarded three to five-year cooperative agreements in Tajikistan to carry out food security-oriented development programs at the grassroots level that achieved important results. These projects enabled the NGOs to engage local communities in the design of the projects and were geared toward long-term, sustainable results. Because of their extended timeframe and more flexible USAID requirements (since they were cooperative agreements, not contracts), these projects enabled NGOs to experiment

with approaches to the particular development problems in the early phases of the project. Monitoring systems tracked progress so that necessary adjustments could be made to ensure achievement of goals and objectives. Unfortunately, the research team found a noticeable trend within USAID away from cooperative agreements towards contracts, and often with shorter terms.

Six-year-old Shanoza eating soup and bread.



Increasing Coordination with Partners

Coordination with the recipient government as well as with other donors is essential in order to achieve optimal results in all development settings, but perhaps even more so in circumstances where weak government institutions are hard-pressed to produce a consensus on development priorities. Donor coordination can help leverage donor funds and, where Government ministries are willing to engage, lessen the burden upon poorly capacitated ministries.

Weak donor coordination, lost opportunities?

In Tajikistan, there is not a strong tradition of coordination among the donors and little leadership or encouragement from the Government. One might expect the U.S., as the largest donor, and a nation with a strong strategic interest in a stable and secure Tajikistan, to be a leader in coordination efforts but it is not.

OECD/DAC donors, including the U.S., participate in the Donor Coordinating Council which was created in 2005 and is currently chaired by the Swiss. While there has been some coordination achieved through this mechanism, the prevailing view is that it functions largely as an information-sharing mechanism.

Targeted sectoral donor coordination

In April, 2008, DFID launched an effort to create the Joint Country Support Strategy (JCSS), a new coordination mechanism, intended to align the donors in support of the Poverty Reduction Strategy II and in accordance with the Paris Declaration. Eleven donor agencies are involved in the effort to create the JCSS. USAID is a participant but is not playing a leadership role.

There are not many donors here and so we need to harmonize our efforts and align our work with the Government of Tajikistan priorities. We think this is how we can make the best use of donor money and minimize redundancies.

—*Bilateral donor*

The U.S. has had more effective participation and coordination with both donors and the Government through specific sectoral groups. In a marked but encouraging departure from other development settings, the United States is now providing support to a donor sector wide approach in the health care financing component. A U.S. contractor that is working on land reform, joined with other donors and several Tajikistan government ministries to create a Government Working Group on Structural and Land Reforms. This group has played a useful role in drafting legislation that aims to increase farmers' rights such as access to land and the right to grow crops of their choice. *See case study I.*

With weak government ownership of the development process and poor levels of donor coordination in the past, the formulation of a JCSS is encouraging and it is also encouraging that the U.S. is participating. Efforts like these need to be championed in Tajikistan with agreements reached on appropriate aid modalities depending on risk and responsibility associated with the Government.

Lack of coordination with non-DAC donors

As funding from OECD/DAC donors declines, assistance (often as soft loans) from non-DAC donors increases. Although non-DAC engagement with Tajikistan was quite small through 2002, it seems to be growing. Since 2006, China has provided over US\$ 600 million in soft loans to Tajikistan and is prepared to lend another \$400 million — primarily for infrastructure; it is already Tajikistan's biggest creditor.³⁴

The Government of Tajikistan plays all of us against each other to try to maximize grants and loans. Getting reforms through is tough for us because the Government of Tajikistan will talk the talk but not walk the walk.

—*Bilateral (DAC) donor*

The influence of non-DAC donors on the Government of Tajikistan may be growing as non-DAC assistance is often devoted to improving infrastructure (energy, roads and transport) which is the priority interest of the Tajikistan Government. In contrast with traditional DAC donors, little direction and few conditions (aside from China tying almost all loans to Chinese companies³⁵) are attached to funding from the non-DAC countries and assistance is given primarily in the form of soft loans.

Western donor representatives indicated that there is no coordination between non-DAC donors and DAC donors nor between or among non-DAC donors themselves. Growing assistance from the non-DAC donors means that DAC donors may lose leverage and have a harder time persuading the Government to carry out reforms.

Bureaucracy and lack of authority and flexibility undermines USAID responsiveness

USAID faces certain obstacles in its efforts to work constructively and efficiently with development partners, whether other donors, the Government of Tajikistan, or local governments and civil society. USAID in Tajikistan faces problems with lack of predictable funding, insufficient authority, and short-term funding streams.

We have had good experience with USAID in the health sector. They do a lot of things but it is difficult to match with them because they have a particular structure.

—*International organization*

The lack of adequate representation in Tajikistan means insufficient authority to carry out important work, liaise with the Government and work with partners. The United States does coordinate and work with other donors in various sectors (agriculture, health, education, etc.) but these agencies often experience difficulty partnering with the U.S. government. Donors find that it is difficult to have a joint approach with the U.S. to a common problem.

For example, a joint assessment was planned by the World Bank, the World Health Organization, the Food and Agriculture Organization, and UNICEF that was to be

carried out with the Tajikistan Government set to contribute 50 percent of the funds needed. The donors asked the U.S. to join the assessment but USAID, given its vertical structure, had to discuss the issue with the regional Almaty office before agreeing. Ultimately the U.S. Navy came from Afghanistan to do essentially the same assessment rather than joining the multi-donor, Tajikistan-based effort.

You have to go to the top of USAID when you want a decision.

—*Multilateral donor*

In attempting to move forward on a USAID project with the Government, no one at the USAID office had the authority to sign a Memorandum of Understanding with the Government of Tajikistan on behalf of one of its sub-contractors implementing a USAID-funded project. It was necessary to wait for the USAID Central Asia regional officials from Almaty, Kazakhstan to fly to Dushanbe and to sign the MOU.

Like all USAID programs, the Tajikistan country program has been operating on a continuing resolution for three out of the past four years. USAID in Dushanbe does not know until the last month of the fiscal year what its annual budget will be. At least one USAID contractor was forced to give 90-day notices that they will shut down their programs because of funding uncertainties.

Case Study II: Sustainable results possible through long term agreements

Smart development will require USAID to once again undertake long term planning and enter into longer term agreements. In the past, three to five-year food security cooperative agreements have achieved significant results at the grassroots level.

With USAID funds, one international NGO carried out two community mobilization programs in border regions of Tajikistan. The first program, the Peaceful Communities Initiative (PCI), focused on meeting resource needs, building linkages between different ethnic groups, and connecting ethnically-disenfranchised communities to governments. The second program, the Community

Action Investment Program (CAIP), promoted economic opportunities and job creation. The field study found that one to three years after program completion, “CAIP and PCI communities showed sustained initiative to maintain or improve conditions in their communities...93 percent of surveyed projects are still being actively used by the community after our programs closed.”

Respondents also reported that relationships between communities and local government were much improved. “Seventy-three percent of Community Action Group members feel it is easier now to approach local government than it was before the start of the programs, and 68 percent have witnessed local government becoming more involved in community activities.”

Endnotes

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- 3 <https://www.cia.gov/library/publications/the-world-factbook/geos/ti.html>.
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- 5 Poverty rate is defined as having incomes of less than \$1 a day. International Development Association and International Finance Corporation Country Partnership Strategy for the Republic of Tajikistan for the Period FY 06–09, October 3, 2005, p. 2; World Bank, Tajikistan Country Brief 2008.
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- 7 International Monetary Fund, “First Assessment Under the 2008 Staff-Monitored Program, IMF Country Report No. 08/382, December, 2008”. <http://www.imf.org/external/pubs/ft/scr/2008/cr08382.pdf>.
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- 10 OECD Database, <http://stats.oecd.org/wbos/Index.aspx?datasetcode=TABLE2A>, accessed on 29 April 2009 at 11.29am.
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- 12 Interviews undertaken with donors, December, 2008 and data from their websites.
- 13 Interviews undertaken, December, 2008.
- 14 <http://stats.oecd.org> 2006: US\$240 million, and 2007: US\$205 million total ODA net disbursements, in 2006 constant dollar values. Interviews with OECD/DAC donors indicate that total ODA declined in 2008 as well.
- 15 The EC which currently has a regional arrangement similar to USAID is about to upgrade its own Tajikistan office to the status of full-fledged mission. DFID opened an office in Tajikistan in 2003 although it had provided humanitarian assistance through the International Committee of the Red Cross and UNHCR prior to this. DFID’s assistance has been focused on pro-poor economic growth and improving governance. DFID, “Central Asia, South Caucasus & Moldova. Regional Assistance Plan”, June, 2004, p. 30.
- 16 Sources include U.S. State Department, U.S. Government Assistance to and Cooperative Activities with Eurasia, Annual report FY 2000–FY 2008, <http://www.state.gov/p/eur/rls/rpt/>. For data prior to FY2001, data for FSA was taken from U.S. State Department, Foreign Operations Appropriated Assistance: Tajikistan web page.
- 17 CRS report to Congress, Department of Defense “Section 1207” Security and Stabilization Assistance: A Fact Sheet, by Nina M. Serafino, Order Code RS22871, Updated November 25, 2008.
- 18 FY2009 data is partial as it only reflects requests for State Department controlled accounts — there is, for instance, no data on DOD spending. Primary Source is U.S. State Department, U.S. Government Assistance to and Cooperative Activities with Eurasia, Annual report FY 2000–FY 2008, <http://www.state.gov/p/eur/rls/rpt/>; and the Congressional Budget Justifications for 2002–2009.
- 19 <http://www.pepfar.gov/documents/organization/107838.pdf> For FY2008, USAID had slightly more than \$700,000. and the Department of Defense, less than \$400,000 in PEPFAR funds.
- 20 Except for Afghanistan that has its own mission, Almaty is the USAID management office for all Central Asian countries.
- 21 Senate Committee on Foreign Relations, Embassies Grapple to Guide Foreign Aid, 16 November 2007 (The Lugar Report).
- 22 International Crisis Group, p. 1.
- 23 Under the F process, USAID missions set aside their own field-developed multi-year strategies and began preparing annual Operational Plans that indicate work to be carried out to meet each priority objective (i.e. Peace and Security, Governing Justly and Democratically, etc.). See “Foreign Assistance Reform: Views from the Ground”, InterAction, 2007. http://interaction.org/files/cgi/6528_Sec9_InterAction_Foreign_Assistance_Briefing_Book.pdf.
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- 30 International Development Association and International Finance Corporation Country Partnership strategy for the Republic of Tajikistan for the Period FY06–09, October 3, 2005, p. 6.
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- 32 Field visit by the Save the Children research team with 11 managers of WUAs in Rudaki District near Dushanbe on December 12, 2008.
- 33 USAID/Central Asian Republics, “USAID Land Reform and Market Development Project. Tajikistan”, undated.
- 34 The Chinese Eximbank has provided US\$604 million in loans with preferential credits and provided a \$30 million grant, all for infrastructure projects. Kassenova, Nargis, “China as an Emerging Donor in Tajikistan and Kyrgyzstan”, IFRI Russia/NIS Ctr., January, 2009, p. 15, 28.
- 35 *Ibid*, p. 8–9.



Eight year old Mukhayo holding cut flowers from her family garden. The Save the Children floriculture program is a DAP USAID funded project.

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