Roger Ehrhardt
Chair of the Steering Committee
Global Agriculture and Food Security Program
Washington DC, USA

Dear Mr. Ehrhardt,

Subject: Global Agriculture and Food Security Program
Proposal from the Government of the Republic of Tajikistan

I am sending this letter on behalf of the Donor Coordination Council in Tajikistan currently led by DFID to inform you about some important developments in the Republic of Tajikistan and to support the Government’s efforts to secure resources from the GAFSP to finance its reform program and to cope with the impact of the international financial crisis. As you may know, the Government formally approved its Third Poverty Reduction Strategy (PRS 3) for 2010–2012 in February of this year. The PRS incorporates the relevant aspects of other policy documents covering longer term periods such as the Food Security Program, the National Development Strategy and the Concept Paper on Agricultural Policies.

As part of the PRS, the government is committed to tackle difficult structural reforms to raise agricultural growth potential and reduce rural poverty. A number of encouraging steps are being implemented: farm debt write-off and accelerated farm restructuring, particularly the elimination of restrictions on land use. The implementation of these important policy measures has already been reflected in several farm surveys. Farmers are reacting positively to reforms and donors are playing a valued advisory role through six joint government-donor working groups. Policy reforms are complemented by priority investments. In irrigation, for example, efforts are being undertaken to rehabilitate and maintain the irrigation system while generating badly needed temporary jobs.

Tajikistan’s Development Partners are working with the Government to develop a performance framework for the country’s reform programme, which in turn will help secure further resources.

Despite these positive efforts, the financial crisis and the concomitant drop in workers remittances has created very difficult challenges. Additional programs are necessary to protect the vulnerable and to protect the gains achieved. The impact of the crisis has been severe: after strong economic performance in 2008, the economy turned sour in 2009. GDP growth declined to 2 percent, and remittance inflows shrank by 30 percent, US$700m or 15% of GDP (in 2008 one million migrants—employed mostly in Russia—sent home $2.4 billion, close to 50 percent of Tajikistan’s GDP, providing a basic income for many households). As a result incomes fell in 2010, perhaps by up to 6 percent, with serious adverse impact upon the 50% of the population that lives below the poverty line.

The DCC believes that the Government’s program provides a promising way forward. A key success factor will be the effective implementation of the program’s main policies. The financing provided by international and bilateral institutions should help ease the adjustment burden and signal our strong support to the reform programme, however additional resources are badly needed if the programme is to be implemented. There is a severe lack of fiscal space
within the Government budget and Tajikistan’s already high debt levels mean that borrowing, even on concessional terms is not practical. The Government is having to prioritize investments carefully to balance the social and capital spending needs.

I hope therefore you will be able to consider the Government of Tajikistan’s proposal sympathetically

Yours sincerely,

Bob Leverington
Chair, Donor Coordinating Council