

TECHNICAL ASSISTANCE COMPLETION REPORT

Division: URM

TA No. 4302-UZB: Support to Policy and Institutional Reforms in the Water Sector		Amount Approved: \$500,000	
		Revised Amount:	
Executing Agency: Ministry of Agriculture and Water Resources	Source of Funding: Japan Special Fund	Amount Undisbursed: \$216,710.57	Amount Utilized: \$283,289.43
TA Approval Date: 19/12/2003	TA Signing Date: 06/04/2004	Fielding of First Consultant: 01/08/2005	TA Completion Date Original: 30/06/2005 Actual: 31/07/2007 Account Closing Date Original: 30/06/2005 Actual: 19/09/2008
<p>Description</p> <p>This TA was piggy-backed to Loan 2069: Amu Zang Irrigation Rehabilitation that is focused on rehabilitation of large pump stations, inter-farm and on-farm irrigation and drainage infrastructure, as well as on establishment and development of seven Water Users Associations (WUAs). The TA was developed to complement the loan activities with special focus on strengthening the capacity of new water management institutions at central and basin level and the WUAs in order to develop and pilot-test gradual introduction of water delivery fees and assess their impact on farm incomes and efficient use of water.</p> <p>Expected Impact, Outcome and Outputs</p> <p>The TA was expected to assist the Government in carrying out policy and institutional reforms in the water sector by strengthening the newly organized institutions at national, basin, and provincial levels. The TA had two components: (i) policy and institutional reform support at the national level, and (ii) policy and institutional reform support at the basin and provincial levels. The expected outputs under the first component were: (i) enhanced capacity of MAWR in policy development; (ii) development of key policy documents on cost recovery, water delivery fees, and WUA developments; (iii) recommendations to the Government on broader institutional and policy reform options; and (iv) establishment of a new unit to support and regulate WUA developments nationwide. The expected outputs under the second component were: (i) detailed functional procedures for the newly established Amu Surkhan Basin Irrigation Organization (ASBIO); and (ii) strengthened capacity of ASBIO and Surkhandarya Province Agriculture and Water Department (SPAWD) in developing basin water management plans, implementing the cost recovery policy at the basin level, and promoting WUA developments in Surkhandarya Province.</p> <p>Delivery of Inputs and Conduct of Activities</p> <p>The TA included 10 person-months (pm) of international and 38 pm of domestic consulting services, comprising expertise in water management, legal and institutional development, training, WUA development, and operation and maintenance. The Louis Berger Group, U.S.A, was awarded a \$400,000 contract to provide the services. The TA started in August 2005 and was completed in July 2007. At the start, the TA implementation was seriously affected due to the EA's request to replace four domestic consultants proposed by the LBG by those recommended by the EA. The issue was resolved through a series of meetings between the EA, ADB and the Consultant only in November 2005 when ADB and the Consultant agreed to replace two domestic consultants to the satisfaction of the EA. During this four-month period international consultants worked with limited support from local counterparts and this diminished the efficiency of their inputs. Subsequently, the TA gathered momentum and most of the activities were conducted though with different degree of delay. Core interventions were focused on (i) assessing the legal framework for WUA development, (ii) supporting ASBIO and SPAWD in developing basin water management plans, (iii) developing the cost recovery policy and (iv) training staff of newly established WUAs in the project area on different aspects of WUA operation. In total, 19 training workshops were conducted: 1 at the ASBIO level, 5 for pilot WUAs in the Project area, 12 for additional WUAs in 8 provinces, and 1 national workshop at MAWR level. Over 170 WUA staff and 340 farmers attended the workshops and completed a farm survey questionnaire. During the TA implementation, five contract variations were approved to address issues related to consultants' replacement, extension of their inputs, adjustment of associated costs and change of the Consultant's bank account details. The performance of ADB is rated satisfactory while the EA's performance is rated partly satisfactory.</p> <p>Evaluation of Outputs and Achievement of Outcome</p> <p>The following analytical reports were produced: (i) a Review of Water and Land Legislation in Uzbekistan; (ii) WUA Formation and Development Guidelines; (iii) a Review of Introduction of Water Delivery Fees in Uzbekistan; (iv) WUA Water Accounting; (v) Guidelines on Operation and Maintenance of Irrigation and Drainage Systems; and (vi) a Photo Album of Major Hydraulic Structures in Uzbekistan. Outputs related to recommendations on improving the existing water legislation, WUA formation, capacity building of WUAs and ASBIO in developing basin water management plans were fully achieved through reports, training and discussions. Outputs related to strengthening the capacity of MAWR and SPAWD in policy development and implementing the cost recovery policy were partially achieved due to limited access of TA consultants to MAWR policy makers, low interest of SPAWD staff in policy issues and a lack of economist position under the TA to deal with cost recovery issues.</p>			

Such outputs as recommendations to the Government on broader institutional and policy reform options and establishment of a new unit to support and regulate WUA developments nationwide were not achieved due to a poor communication with policy makers and MAWR's inability to timely establish a WUA Support Unit. As a result, the TA outcome related to policy and institutional reform support at the basin level was generally achieved while the outcome related to reform support at the national level was only partly accomplished. The TA produced in a timely manner: (i) an Inception Report; (ii) nine progress reports; (iii) a Mid-term Report; (iv) a Draft Final Report; and (v) a Final Report. All reports were translated into Russian and submitted to the EA.

Overall Assessment and Rating

The TA partly achieved its expected outcome since policy and institutional reform support at the national level was limited and most of the activities were focused on supporting reform at the basin and WUA levels due to the reasons stated above. While the support at the basin and WUA levels was important in strengthening the capacity of new water management institutions, such support was not sufficient to ensure successful and sustainable reform implementation as the development and implementation of water policy reforms is beyond the mandate of these institutions and largely depends on proactive involvement of MAWR and other policy-making agencies at national level. However, interaction of the TA team with other policy-making agencies such as the Cabinet of Ministers and Ministry of Economy was limited due to two major factors: (i) the input of the team leader was not sufficient to seek guidance from other agencies throughout TA implementation; and (ii) the TA team had limited access to policy-makers as it had to coordinate its activities through the EA. The EA was generally satisfied with the outputs of the TA, however, its inadequate involvement in the policy formulation and institutional improvements, i.e. establishment of a Water Sector Reforms Support Unit, hampered the achievement of the TA outcome. Therefore, the TA is rated partly successful.

Major Lessons

There are several lessons learned from this TA. In term of consultants inputs, it seems that a 3 pm input of a team leader was not sufficient to cope his extensively complex responsibility to act as facilitator of the reform dialogue with the EA and other stakeholders and a coordinator of other consultants' inputs. The same applies to other international consultants' expertise where a 3 pm input was inadequate given the anticipated TA duration of 18 months. A lack of an economist position hampered the work on cost recovery for operation and maintenance and introduction of water delivery fee. Acceptance of domestic consultants by the EA was also an issue and seriously affected the TA implementation. Some of the specific TA tasks were ambitious given the overall policy environment in Uzbekistan. Firstly, due to the absence of the WUA Law and vague rights and responsibilities of the WUAs it was unrealistic to expect the TA to develop a cost recovery policy for operation and maintenance and its implementation plan given that the nascent WUAs were considered as the primary sources for collection of the funds from the farmers. Secondly, while at the TA formulation stage an agreement was reached with the EA to establish a Water Sector Reforms Support Unit to coordinate the WUA development at national level, the EA demonstrated its reluctance/inability to adhere to its commitment during the implementation and ADB had very little leverage to improve the situation. Duplication of the TA activities with those under Loan 2069: Amu Zang Irrigation Rehabilitation, especially with regard to capacity building of WUAs where different teams had to work with the same WUAs at the same time often on the same topics, is also considered as an area for improvement in designing similar projects.

Recommendations and Follow-Up Actions

Implementation of water sector reforms is a long-term process. It first requires confirmation of the Government's ownership of intended reforms at the project and TA processing stage and close monitoring of the reform progress during the implementation. It also requires careful assessment of legal, institutional, technical, financial, economic and social aspects to better define the type and extent of ADB interventions based on the institution's comparative advantage in the sector. It is necessary to take into account that development of the WUA legal framework is a long process which requires Parliamentary endorsement and may go well beyond the life and capacity of conventional piggy-backed TA. Therefore, parallel intervention on this front with the support to strengthening the capacity of WUAs and other water sector institutions under the same TA seems to be controversial, as not much can be achieved with no WUA Law in place. While other donors, in particular USAID, provided support in drafting a WUA Law, which was reviewed by relevant Parliamentary committees, more recently MAWR initiated amendments to the existing Water Code and proposed to include in it provisions for WUA operations, among others. This work is in progress, however, external expertise is desirable. In this respect, a separate donor-funded TA could be a better option to support the process. As the reforms are not about new policies and procedures but also about building new institutions to implement these policies, it is of paramount importance to ensure that an adequate institutional mechanism is in place to work hand-in-hand with the TA and project staff. Therefore, it is necessary to ensure that legal and institutional aspects are properly addressed prior to dealing with technical, financial and social dimensions. A staged approach under a larger umbrella TA may be considered for this purpose.