

TECHNICAL ASSISTANCE COMPLETION REPORT

Division: CWAE

TA No., Country and Name			Amount Approved: US \$300,000	
TA No. 4405-KGZ : The Study on Pricing Systems and Cost-Recovery Mechanisms for Irrigation			Revised Amount:	
Executing Agency: Ministry of Agriculture, Water Resources and Processing Industry		Source of Funding: Poverty Reduction Cooperation Fund	TA Amount Undisbursed: US\$25,959.00	TA Amount Utilized: US\$274,041.00
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Description: The agriculture sector accounts for 35% of gross domestic product (GDP), employs about 52% of total workforce, and accounts for about 11% of exports (2002). Arable land represents about 7% of the territory of which 64% relies on irrigation to enable production. Irrigation is the largest water use, accounting for about 90% of the total. In 2003, 40.8% of the population lived in absolute poverty, down from 44.4% in 2002. The Government introduced the Law on Water (January 1994), which was subsequently replaced by a new water code, and the Law On Water User Associations (WUAs) (February 2002) to improve the overall management of water resources and infrastructure. The Department of Water Resources (DWR) is responsible for administering all agricultural water resources. Water user associations (WUAs) are being required to take more responsibility for O&M and capital investment. Pricing and cost-recovery practices vary among WUAs and include volumetric, based on the quantity of water used, and flat rates, based on area irrigated. Some WUAs combine both. The method used must provide for fair and equitable charges and facilities the efficient use of water. A comprehensive study of water cost, O&M of drainage and irrigation, and pricing and recovery of costs to ensure a sustainable drainage and irrigation system was undertaken due to (i) deteriorating infrastructure; (ii) importance of irrigated agriculture to rural livelihoods, particularly the poor; (iii) limited resources for O&M; (iv) current state of WUAs' development; and (v) current and proposed investment in rehabilitation by ADB and the World Bank. The study will review the situation, focusing on the cost of supplying irrigation water, and on the ability and willingness of WUAs and farmers, particularly the poor, to recover capital investment and O&M costs. A pragmatic approach to pricing and cost recovery of investment and O&M expenses is essential to ensure that the income and livelihood, especially of poor farm households, are not substantially adversely affected, and to ensure the sustainable use of scarce water resources.				
Expected Impact, Outcome and Outputs The impact was to improve the sustainability and equity of drainage and irrigation services, particularly for poor farmers. The outcome was to identify and formulate appropriate pricing systems and cost-recovery mechanisms that reflect the ability and willingness of farmers to pay. Four outputs were expected: (i) current cost and revenue of drainage and irrigation services will be determined, (ii) ability and willingness to pay for water and drainage and irrigation services assessed, (iii) a set of alternative pricing systems and cost-recovery mechanism for irrigation infrastructure investment and O&M suitable for WUAs developed, and (iv) information gathered disseminated. The design was particularly relevant. The objectives were clear, matched by the terms of reference and appropriate executing arrangements. However, the original implementation period of 6 months was substantially underestimated.				
Delivery of Inputs and Conduct of Activities The TA included only one international team leader (3 months) and a water resources manager (2 months) and 36 person-months of local consulting services. The actual requirement was 8.2 person-months of international and 43.8 local consulting services, respectively. The TA faced several difficulties. Following approval, the original team leader withdrew. During the course of identifying a new team leader a revolution occurred in March 2005. A new team leader was fielded only 2 November 2005, a delay of over 12 months. In addition, the DWR (the executing agency) requested the survey to cover four irrigation systems in four different regions instead of only two as originally planned. It took several months for the systems to be identified and the questionnaire agreed following several revisions. Productivity was less than satisfactory with report preparation and submission being delayed. This was not helped by slow review and comments by ADB. While the draft final				

report was rewritten it was based not on the quality of the content but on the presentation for publication. The study proved more difficult conceptually than originally envisaged and required the input of an academic consultant. More time for the international team leader would have been desirable. The TA was extended 5 times for an overall implementation period of 32 months. The overall performance of the EA was satisfactory but that of the consultants and ADB was less than satisfactory due to delays in submission and review of reports.

Evaluation of Outputs and Achievement of Outcome The funds for the TA were sufficient, with a savings of \$33,393. However, the TA was closed before the final publication and dissemination of the report could be undertaken. This closure was a result of a program to terminate long-running TAs. While the overall timeliness of the delivery of the output was less than satisfactory, the TA produced a valuable contribution to the assessment of cost recovery in the Kyrgyz Republic and of appropriate mechanisms and pricing systems, and has relevance to other Central Asian countries. The overall quality of the report is acceptable and the outcome will be finally achieved as alternative financing through ADB's Water Committee has been provided to complete the publication and dissemination of the report.

Overall Assessment and Rating The original implementation schedule, replacement of the original team leader, and the interruption by the March 2005 revolution did not facilitate an easy start to implementation. While the TA was terminated before the final report could be published, the final report, and particularly the anticipated published report which will also be translated into Russian and possibly Kyrgyz languages, has provided a valuable contribution to the understanding of cost recovery and pricing mechanism for irrigation in the Kyrgyz Republic. The methodology is adaptable to study other systems in the Kyrgyz Republic and other Central Asian countries. Overall, the TA is rated as successful.

Major Lessons The conceptual difficulties and timing for effective surveys, reporting and publication were substantially underestimated particularly when a rigorous analytical study was being expected. Effectively, about 24 months would have been an appropriate time period.

Recommendations and Follow-Up Actions Despite the difficulties of such analytical work and the country environment, it is important that such studies continue in Central Asia to provide governments with stronger and more detailed analytical work. It is imperative that the report be finally published and disseminated widely in the Kyrgyz Republic and Central Asia.

Prepared by: John Whittle Designation: Principal Agricultural Economist, CWAE