

# Peer Review of Second On-Farm Irrigation Project (OIP-2) GAFSP Proposal for the Kyrgyz Republic

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## Introduction

1. This review has been prepared at the request of the Second On-Farm Irrigation Project Implementation Unit under the Department of Water Resources (DWR) of the Kyrgyz Republic. The review is based on a desk study of the following document:

*Main Text Proposal* [the Proposal] by the Ministry of Agriculture and Ministry of Health for Funding for Agriculture Productivity and Nutrition Improvements under the Global Agriculture and Food Security Program (GAFSP).

2. The review was also informed by the following documents:
  - a. *The Concept of Food Security [FSC] of the Kyrgyz Republic for 2009-2019*, including Annexes 1, 2 and 3 (2009-2016 Prognosis)
  - b. *The Program of Ensuring of Food Security of the Kyrgyz Republic for 2009-2015* (Ministry of Agriculture, Water Resources and Processing Industry of the Kyrgyz Republic)
  - c. *Medium-term Development Programme [MTDP] of the Kyrgyz Republic for 2012-2014* (draft, February 2012) including Annexes 1 and 2
  - d. *Medium-Term Budget Framework [MTBF] for 2012-2014* (2011, excerpt)
  - e. Meeting records from the Proposal consultation process,

Other information sources are footnoted in the text below, and the author has called on his experience with a similar previous Kyrgyz Republic review in September 2010<sup>2</sup>.





9. In terms of poverty reduction, rural areas are reported to have rates of extreme poverty (nearly 40% in 2010) well above urban areas (24%), though with significant variation from region to region. Even allowing for measurement problems, it is clear that agricultural improvements should be able to improve the situation of the many poor families with children.
10. The structure of agriculture in the Kyrgyz Republic is highly variable, due to both geography (mountains with extensive pastoral regions, and relatively small arable and irrigated areas) and land reform, which has resulted in four categories of farm, i.e. state farms, collective farms, peasant farms, and household plots<sup>6</sup>. Though state and collective farms are of relative large average size (387 ha and 79 ha respectively) compared to peasant farms and individual entrepreneurs (2.8 ha), the latter occupy 69% of the arable land, and account for a considerably higher proportion of the national food production, including cereals, for which the proportions approach or exceed 90%. With irrigation vital to most crop production, the proposed project thus focusses on the core element of Kyrgyz agriculture.
11. Seasonal fluctuations and longer-term climatic changes in rainfall (and possibly temperatures<sup>7</sup>) are both important influences on agricultural production in the Kyrgyz Republic. Again, efficient irrigation infrastructure and management is an obvious core element in addressing these challenges, and thus in promoting steadier and better distributed economic growth (and indeed in averting yield decline etc.)

**ii) Technical realism (alignment of resources with results) and adequacy of institutional arrangements to implement**

12. The MTDP (Annex 3) foresees a substantial gap of \$111 million (KGS 5.5 billion) in funding for the development of the agriculture and processing industry, (KGS 10.4 billion).

Key Public Investment Program (PIP) projects include those for the Ministry of Agriculture and Land Improvement (MoALI) of about KGS 750 million (\$15 million) in 2012 (about half explicitly for irrigation and water management improvement) and KGS 300 million (\$6 million) in 2013, mostly to be funded by external grants (Proposal Table 4). Much(. ) 10p.[(300 )] TJ4(bo 715 0 1mo22[( )]06e)4(d )8nainstly



*and drainage infrastructure and institutional and capacity building for water management to include two additional components on agricultural advisory services and up-scaling of nutrition interventions and social protection*

converted the proposal into a multi-sectoral one, which clearly brings in problems of coordination and lines of responsibility but greatly broadens the basis of its activities and hence (potentially) justification.

20. Some reliance may also be placed on previous OIP experience, and on the reassuring development of the WUA system within the Kyrgyz Republic. The central role of WUAs in the Proposal is a reassuring sign that the importance of local empowerment in water management is recognised.<sup>10</sup>

**iv) Consistency of country budgetary and development assistance commitments with the country investment plan**

21. The Government of the Kyrgyz Republic faces a severe budgetary problem over the short-term future, with an inertial budget deficit rising from around 20% to 30% (MTDP Table 1, page 3). However, with successful Programme implementation, this is projected to fall to under 10% by 2014.

22. The MTDP *Water resources are not used efficiently, water losses are very excessive* , and that one of the key objectives of agricultural policy is *extension of irrigation systems, water use optimization* . It proposes that *Development of the irrigation systems and water use optimization will be implemented in two directions: (i) increase efficiency of water sharing between different levels of*

**v) Adequacy for effective and efficient delivery, including M&E**

23. The proposal contains detailed arrangements for implementation, with the MoALI as the executing agency with considerable experience in project coordination and implementation. An existing project implementation unit (PIU) with directly relevant experience is to be used for components 1 and 2 (infrastructure rehabilitation and modernisation, and water management capacity building, respectively), using an expanded Project Implementation Manual (PIM). A separate PIU is to be set up for components 3 and 4, i.e. agricultural advisory services, and upscaling nutrition interventions and social protection. As is recognised, these latter components involve complexities, and it is not quite clear why two separate additional PIUs are not proposed for the two different components. Some consultation participants<sup>11</sup> advocated a single PIU for the proposal, while others saw the merits of assigning responsibilities to those most familiar with the relevant area, e.g. human health and nutrition. There may be Proposal-wide staff-related economies to be exploited in communications, accommodation, etc., and perhaps in central control, but it is clear that every different for the various Proposal components.

24. Similarly, for components 1 and 2, previous M&E practices described in considerable detail in the proposal (pages 34-36) are to be used and developed. Proposals for M&E of components 3 and 4 are much less developed (pages 36-37), and, as is recognised, will require technical assistance again, probably of rather different natures for the two aspects agricultural and social to be covered.

**vi) Coherence and or consistency between policies, implementation arrangements and delivery mechanisms, and investment areas, priorities or program objectives**



25. The five main principles for agriculture development in the Kyrgyz Republic are<sup>12</sup>: (i) private sector led growth, (ii) public private partnerships for service delivery, (iii) community based management of natural resources and inclusion of vulnerable groups, (iv) community contributions to infrastructure improvement, and (v) inclusion of women in development. The Proposal is clearly coherent with these principles, and particularly principle (iv) in terms of encouraging (via its WUA selection criteria) higher WUA service fees and more effective WUA budget application.

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are: land market reform and management, public/private sector services, rural finance, and social safety nets and food monitoring. The Proposal covers several of these areas.

27. There are generally well-worked-out arrangements for project delivery, involving multi-level and criteria-based selection of WUAs to receive assistance, which will involve continuous financial, design and supervisory contact as developed successfully in previous OIPs. Each project component has been described in

security, country need and Government Priority,

**vii) Appropriateness and feasibility of the indicators for impact and system for capacity 2 (s)-12 sur26**

**viii) Extent and quality of dialogue, peer review and mutual accountability system.**

29. Given the positive comments above on the consultation process, and the fact that this Proposal follows one that was rejected two years ago but builds on two recent OIPs, this aspect seems generally satisfactory. However, this reviewer is not competent to assess the engineering and costing aspects of the Proposal. Moreover, the consultation process and the peer review stage have both been very hurried.

**Concluding Remarks**

30. A number of aspects are not covered in the reviewed Proposal, although more information, future detailed planning and/or eventual implementation may address these points. They include:
- a. *Regionality*: This addressed at a number of points in the Proposal - e.g. paragraphs 5-10 on poverty and under-nutrition, 73-74 on farm incomes and water fee affordability, and 93-94 on WUA and proposal implementation. However, it is not clear whether relative hazards and risks which vary greatly across the country

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and their populations. However, the project may well suggest ways in which its benefits can be transferred or extended to other areas (or perhaps social groups); M&E should include some exploration in this direction.

- d. *Possible Selection Bias*: The selection of *raions* and villages for consultation was based on high poverty incidence and high food insecurity, i.e. on socio-economic criteria rather than water infrastructure (in)adequacies; there is a risk (intensified by the fact that only some WUAs will be chosen for funding) that the implemented Proposal may fund more educated, vocal and organised localities (with perhaps excellent results) rather than more ocioeconomic or agrotechnical) is greater.
- e. *Corruption*: This was not mentioned explicitly in consultation with international bilateral and multilateral agencies (or in the Proposal, though