

**PROJECT INFORMATION DOCUMENT (PID)
APPRAISAL STAGE**

Report No.: PIDA1464

Project Name	NATIONAL WATER RESOURCES MANAGEMENT PROJECT (P144336)
Region	EUROPE AND CENTRAL ASIA
Country	Kyrgyz Republic
Sector(s)	Irrigation and drainage (50%), General water, sanitation and flood protection sector (50%)
Theme(s)	Water resource management (80%), Rural policies and institutions (20%)
Lending Instrument	Investment Project Financing
Project ID	P144336
Borrower(s)	KYRGYZ REPUBLIC
Implementing Agency	Department of Water Resources
Environmental Category	B-Partial Assessment
Date PID Prepared/Updated	19-Jan-2014
Date PID Approved/Disclosed	22-Jan-2014
Estimated Date of Appraisal Completion	24-Jan-2014
Estimated Date of Board Approval	15-Apr-2014
Decision	

I. Project Context

Country Context

With an estimated per capita GDP of US\$ 1,155 in 2012, the Kyrgyz Republic is one of the poorest economies in the Europe and Central Asia region. In 2011, 37 percent of the population lived below the poverty line, while 4.5 percent lived in extreme poverty. Incidence of poverty in rural areas (40 percent, with 62 percent of the population) was far higher than in urban areas (31 percent). The Kyrgyz Republic is geographically and culturally divided into the north and south. The three southern oblasts of the Fergana Valley have a distinct regional identity vis-à-vis the north. The southern regions are also affected by smaller land holdings, lower per capita incomes, higher unemployment, lower human development indices and more limited access to services than all other regions of the country. Over the last 3 years the country has seen some dramatic developments. In April 2010, the government was overthrown, followed by an outbreak of ethnically motivated violence in June 2010 in the south of the country. Following parliamentary elections in October 2010 and presidential elections in fall 2011, the government is working towards providing a stable policy and governance environment.

Sectoral and institutional Context

The Kyrgyz Republic is well endowed with water resources, with over 3,500 rivers and streams with a total annual runoff estimated at 47 km³, of which the Kyrgyz Republic can abstract a maximum of 12 km³ under international agreements with neighboring countries. Rainfall, snow and glacier melt contributing to river flows during the irrigation season from April to September. Of the 12 km³ allocation to the Kyrgyz Republic, up to 90 percent is used for irrigated agriculture, 7 percent for industry and 3 percent for other needs, including potable water. Though not a consumptive user, hydropower generation plays an important role in regulating the river flow pattern, with significant impacts on water supply to irrigated areas downstream. Competition and conflict over water at the on-farm level has been markedly reduced since the 1990s, and spending on management, operation and maintenance (MOM) of on-farm irrigation and drainage (I&D) systems increased, through the formation of functioning and effective Water Users Associations (WUAs), managing on-farm systems. However, significantly more remains to be done to increase MOM spending on main off-farm systems managed by government, and reduce the level of competition at the main system level. The majority of main systems are not adequately maintained, an increasingly at risk of collapse, endangering the livelihoods of the rural population dependent on irrigation.

In January 2005, a comprehensive modern Water Code was signed into legislation. The Code is based on principles of integrated water resources management, stewardship of water resources, organization of water resources management (WRM) by river basins, recognition of the economic value of water, participation of users in decision-making, polluter-pays and environmental management and regulation. By means of modern legislation in the form of the Water Code and the Law on WUAs (2002), the foundations have been set for comprehensive management of water resources from the river basin to the field, enabling better control and management of these resources, both within the country and to neighboring riparian states. Core elements of the Water Code are the establishment of a State Water Administration (SWA) responsible for national water resource management, Basin Water Administrations (BWAs) responsible for basin water management, Basin Water Councils (BWCs) responsible to ensure participation of local stakeholders and the implementation of a water usage permitting system. Policy oversight and direction is to be provided by the National Water Council (NWC) an inter-ministerial body convened by the office of the Prime Minister.

In August 2006, the Water Management Improvement Project (WMIP, starting in 2006 and closed November 30, 2013) began implementation with one of the objectives of supporting the government in operationalizing the Water Code, through strengthening the WRM capability within the Department of Water Resources and Land Improvement (DWRLI), in anticipation of the DWRLI being transformed to the SWA. The WMIP is part of a broader World Bank-financed portfolio in the water resources sector, with investments both in infrastructure and institutional development. The Irrigation Rehabilitation Project (IRP, 1998-2005) rehabilitated off-farm irrigation infrastructure serving about 270,000 ha as well as four dams commanding over 400,000 ha. The Second On-Farm Irrigation Project and its Additional Financing (OIP-2 and AF, closing December 2015) followed on from the first OIP (OIP-1, 2003-2008) to support the formation and institutionalization of WUAs and (later) Federations of WUAs (FWUAs) and to rehabilitate on-farm I&D systems of well-performing WUAs. To date, some 481 WUAs covering 737,400 ha (73 percent of the total irrigated area) and 29 legally registered FWUAs covering approximately 200,000 ha have been formed. Of these, 159 WUA irrigation systems have been rehabilitated,

including 20 systems with financing from the Asian Development Bank (ADB) in Chui region and 28 systems partially rehabilitated with financing from the United States Agency for International Development (USAID). Rehabilitation of around 40 WUAs on 55,000 ha will be carried out under the Agriculture Productivity and Nutrition Improvement Project (APNIP), which is financed through the Global Agriculture and Food Security Program (GAFSP) and is scheduled for implementation from mid-2014 to end-2019.

The WMIP rehabilitated 20 off-farm I&D schemes and achieved most of its project development objectives of: (i) improving irrigation service delivery and water management for the benefit of a sustainable increase in irrigated agricultural productivity; and (ii) improving national water resource governance for the benefit of water users and the nation as a whole. However, overall the project was rated moderately unsatisfactory, because of two significant short-comings. Firstly, the WMIP was not successful in improving MOM procedures and financing for off-farm irrigation systems, and therefore the sustainability of investments in rehabilitation is at serious risk of further deterioration, unless improvements in MOM procedures and funding are achieved. Secondly, the WMIP had an overly ambitious plan of institutional reform for WRM, requiring adequate follow-up from DWRLI management, but in light of the political disorder over the life of the project, the management and organizational hierarchy at the DWRLI changed frequently and this ambitious plan was not implemented. Nevertheless, the WMIP achieved some significant successes: (i) the WMIP worked closely with the NWC to prepare a detailed Roadmap, outlining the mid-term (5 years) and long-term (10 years plus) vision and action plan for the development of the water sector, and this Roadmap was fully endorsed by the NWC; and (ii) the WMIP prepared the detailed implementation plans, specifications and terms of references for implementation of the first phase of this Roadmap. These plans have been endorsed by the management of the DWRLI, and the DWRLI requested support from the Swiss Agency for Development and Cooperation (SDC) and the World Bank for implementation of the first phase of the Roadmap within the framework of the proposed National Water Resources Management Project (NWRMP).

The Roadmap and the associated action plan differs from the ambitious plan developed at the start of the WMIP, in that it sets out the 5-year and long-term targets with a gradual step-wise approach to achieve these targets. The Roadmap consists of seven components: (i) restructuring the water sector, with the 5-year target to build capacity within the DWRLI to take up the role of the SWA, and the long-term target to separate the WRM and I&D functions of the DWRLI; (ii) managing water resources by basin, with the 5-year target to strengthen the established Basin Water Agencies (BWAs) to develop river basin management plans and enhance their management capacity, and the long-term target to have dedicated and fully developed river basin management organizations; (iii) water permitting and contracting, with the 5-year target to have a system for water and wastewater permitting in place, based on a Water Information System (WIS); and the long-term target to have the permitting system monitored, enforced, and fully integrated with the WIS; (iv) funding for water resources management, with the 5-year target to have dedicated budget lines for the WRM agencies, and the long-term target to have adequate funding for these agencies, based on a water resources use fee system; (v) MOM of I&D systems, with the 5-year target to have MOM procedures in place for the priority irrigation schemes, and the long-term target to have them in place for all irrigation schemes in the country; (vi) establishing a WIS, with the 5-year target to have the WIS established and functioning, and the long-term target to have the WIS for each basin fully functioning, and integrated with the water permitting system; and (vi) water resources and environmental protection, with the 5-year target to strengthen the regulatory and organization basis to conduct environmental protection activities, and the long-term target to have environmental

protection mechanisms in place, including systems for monitoring and enforcement. The Roadmap therefore is comprehensive guideline for implementation of the Water Code, endorsed by the NWC and the DWRLI, and provides a clear basis for providing further support to the water sector through the NWRMP.

II. Proposed Development Objectives

The project development objective of the NWRMP-1 is to improve water resources management capability and irrigation service delivery for the benefit of water users.

III. Project Description

Component Name

Strengthening national water management capacity

Comments (optional)

This component strengthens the capacity of the DWRLI's WRM division for water resources planning and management and for implementing key elements of the Water Code.

Component Name

Improving irrigation service delivery to Water Users Associations

Comments (optional)

This component strengthens the capacity of the DWRLI's irrigation and drainage management division responsible for the DWRLI's off-farm I&D systems to improve the service delivery to water users.

Component Name

Improving irrigation management by Water Users Associations

Comments (optional)

This component will further strengthen WUAs and Federations of WUAs to provide better irrigation services to their members.

Component Name

Project Management

Comments (optional)

IV. Financing (*in USD Million*)

Total Project Cost:	7.75	Total Bank Financing:	0.00
Financing Gap:	0.00		
For Loans/Credits/Others			Amount
Borrower			0.00
Free-standing TFs for ECA CU8 Country Unit			7.75
Total			7.75

V. Implementation

The NWRMP-1 will be implemented by the DWRLI, currently under the Ministry of Agriculture and Land Improvement (MOALI), by the Project Implementation Unit currently implementing the OIP-2.

VI. Safeguard Policies (including public consultation)

Safeguard Policies Triggered by the Project	Yes	No
Environmental Assessment OP/BP 4.01	x	
Natural Habitats OP/BP 4.04		x
Forests OP/BP 4.36		x
Pest Management OP 4.09		x
Physical Cultural Resources OP/BP 4.11		x
Indigenous Peoples OP/BP 4.10		x
Involuntary Resettlement OP/BP 4.12		x
Safety of Dams OP/BP 4.37		x
Projects on International Waterways OP/BP 7.50		x
Projects in Disputed Areas OP/BP 7.60		x

Comments (optional)**VII. Contact point****World Bank**

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